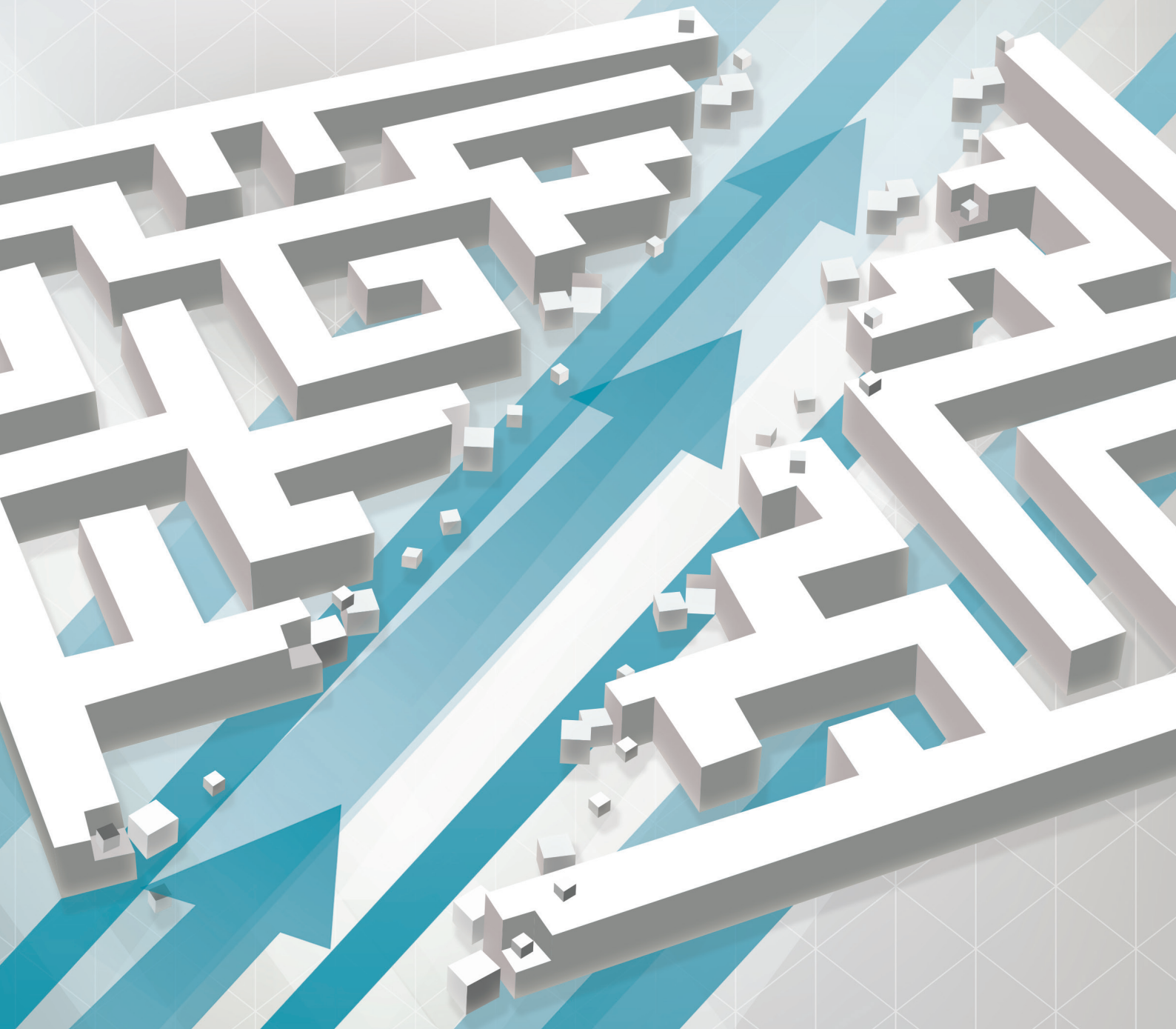




ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

# FORGING A NEW PATH

ANNUAL REPORT 2015



# CONTENTS

|    |                                  |
|----|----------------------------------|
| 01 | "Forging A New Path"             |
| 02 | Financial Highlights             |
| 03 | Chairman's Statement             |
| 04 | Operations Review                |
| 08 | Significant Events               |
| 10 | Board of Directors               |
| 12 | Key Managers                     |
| 13 | Corporate Governance Report      |
| 28 | Directors' Report                |
| 31 | Statement by Directors           |
| 32 | Independent Auditor's Report     |
| 34 | Financial Statements             |
| 84 | Statistics of Shareholdings      |
| 89 | Notice of Annual General Meeting |

## Proxy Form

## Corporate Information

*This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this annual report.*

*This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report including the correctness of any statements or opinions made or reports contained in this annual report.*

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## “FORGING A NEW PATH”

We gave our best. Our efforts to turn our fortunes around in a highly competitive bereavement care services market in Malaysia have been futile. And so as early as two years ago, we took decisive steps to forge a new path to growth and sustained profitability.

Our new future lies in the real estate agency business which will move Asia-Pacific Strategic Investments Limited away from its single-country Malaysia focus onto a global platform.

We plan to channel our resources towards establishing a thriving business that is diverse and extensive to create sustainable value for our shareholders.

# FINANCIAL HIGHLIGHTS

| Key Financial Ratios           | FY2011       | FY2012       | FY2013       | FY2014       | FY2015       |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Loss per share (RM sen)</b> | <b>(6.5)</b> | <b>(7.5)</b> | <b>(1.4)</b> | <b>(2.0)</b> | <b>(0.5)</b> |
| Continuing Operations          | (2.4)        | (2.4)        | (1.7)        | (1.2)        | (0.2)        |
| Discontinued Operations        | (4.1)        | (5.1)        | 0.3          | (0.8)        | (0.3)        |

|   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
| <b>Net Tangible Assets per share (RM)</b> | <b>0.83</b> | <b>0.63</b> | <b>0.70</b> | <b>0.10</b> | <b>0.09</b> |
|---|-------------|-------------|-------------|-------------|-------------|

| Income Statement (RM million) | FY2011      | FY2012      | FY2013      | FY2014      | FY2015      |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Revenue</b>                | <b>18.5</b> | <b>20.6</b> | <b>10.6</b> | <b>14.3</b> | <b>15.3</b> |
| Continuing Operations         | 18.3        | 0.2         | 0.2         | 0.2         | 0.2         |
| Discontinued Operations       | 0.2         | 20.4        | 10.4        | 14.1        | 15.1        |

|   |               |               |              |              |              |
|---|---------------|---------------|--------------|--------------|--------------|
| <b>Net Loss attributable to equity holders of the Company</b> | <b>(13.6)</b> | <b>(16.0)</b> | <b>(3.4)</b> | <b>(8.6)</b> | <b>(5.9)</b> |
| Continuing Operations   | (5.0)         | (5.1)         | (4.2)        | (5.0)        | (2.2)        |
| Discontinued Operations                                       | (8.6)         | (10.9)        | 0.8          | (3.6)        | (3.7)        |

| Balance Sheet (RM million) | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 |
|----------------------------|--------|--------|--------|--------|--------|
| Total assets               | 94.1   | 93.4   | 71.8   | 143.1  | 144.4  |
| Total liabilities          | 36.8   | 42.1   | 23.3   | 44.4   | 38.4   |
| Shareholders' equity       | 58.2   | 52.0   | 48.5   | 98.7   | 106.0  |
| Non-controlling interests  | (0.9)  | (0.7)  | -      | -      | -      |
| Net cash                   | 13.1   | 7.0    | 15.7   | 21.9   | 12.0   |

- (1) U&U Memorial Corporation (M) Sdn Bhd was sold on 30 July 2012 and its contributions were excluded from 30 July 2012.
- (2) The Group entered into a sale & purchase agreement to divest its remaining bereavement care business under HMS Capital Sdn Bhd ("HMSC"). Its contributions were represented under "Discontinued Operations" from FY2011.
- (3) The divestment of HMSC is subject to shareholders' approval at an Extraordinary General Meeting to be convened on 15 October 2015.
- (4) The loss per share for FY2011 to FY2013 were restated to take into effect the issuance of shares at discount pursuant to Rights cum Warrants issues completed on 17 July 2013 and 7 May 2014.

# CHAIRMAN'S STATEMENT

## Dear Valued Shareholders,

Asia-Pacific Strategic Investments Limited ("APS" or the "Group") has been in the red since 2009 despite our diligent efforts to turn our bereavement care business around amidst poor market sentiment and difficult operating conditions in Malaysia.

### A NEW PATH – THE TIME IS NOW

After much deliberation and review, the Board has decided that the time has come for the Group to forge a new path – a new beginning with opportunities to rebuild APS and create value for shareholders.

In this respect, the proposed disposal of the bereavement care operations sets us on the next phase of our journey to establish a vibrant real estate agency business, both in Singapore and abroad.

The property market is cyclical. Although the market in Singapore and the rest of Asia has been weighed down by oversupply and negative sentiment, we view this downturn as a good opportunity for the Group to build a new core business.

The proposed acquisition of real estate brokerage, Global Alliance Property Pte. Ltd. ("GAP"), will give APS a good base to start with. We have also proposed to acquire Century 21 Hong Kong Limited ("C21-HK"), which, when approved, will give the Group access to Century 21's real estate systems and networks around the world.

Another step we have taken is to enter into a cooperation agreement with China Real Estate Development Union Group Limited and Oei Hong Leong Foundation Pte. Ltd. to jointly develop an online property transaction platform for residential and commercial property across the globe.

The disposal of the bereavement care business, the acquisitions of GAP and C21-HK as well as the cooperation agreement are subject to shareholders' approval at the Extraordinary General Meeting to be convened on 15 October 2015.

### ACKNOWLEDGMENTS AND APPRECIATION

On behalf of the Board, I would like to extend our gratitude to our shareholders, customers and business associates for their loyal support through a very trying period for the Group. To our staff, we offer our heartfelt thanks for their hard work and dedication. Finally, to my fellow directors, I express my deepest appreciation for their contributions through the years.

**Dato' Dr Choo Yeow Ming**  
Chairman

# OPERATIONS REVIEW

## FY2015 IN REVIEW

### Revenue and Profit

The Group remained in a loss-making position for the financial year ended 30 June 2015 ("FY2015"). However, the net attributable loss narrowed to RM6.0 million from RM8.6 million in FY2014, due to higher other gains arising from the disposal/redemption of financial assets, at fair value through profit or loss, dividend income, as well as foreign exchange gains.

The Group reported its FY2015 financial results in two segments – continuing operations and discontinued operations – in view of its proposed disposal of its bereavement care services under HMS Capital Sdn Bhd ("HMSC").

### Continuing Operations

These operations consist mainly of those related to the Group's headquarters in Singapore and the management services provided to a third party. Revenue for FY2015 came in at RM193,000, largely unchanged from RM189,000 in FY2014. The increase in other gains to RM3.8 million from RM560,000 previously helped to reduce the segment's net attributable loss for FY2015 to RM2.2 million from RM5.0 million in FY2014.

### Discontinued Operations – Bereavement Care Services

This segment saw revenue climbing by 6.9% to RM15.1 million, as its flagship facility in the Greater Klang Valley, Semenyih Memorial Hills, chalked up greater sales from burial plots. However, the operations continued to sustain a net loss of RM3.7 million in FY2015, given rising staff costs and higher impairment on inventories.

### Cash Flows and Financial Position

In FY2015, the Group reported a net cash used in operating activities of RM11.9 million, driven largely by an operating loss of RM6.1 million and a negative change in working capital of RM6.3 million. Net cash used in investing activities amounted to RM5.7 million, which arose from purchase of available-for-sale financial assets. This was partially offset by net cash from

financing activities of RM10.8 million, which consisted mainly of proceeds from the conversion of warrants.

As a result, the Group recorded a RM6.8 million decrease in cash and cash equivalents to RM20.6 million as at 30 June 2015, of which a net cash of RM12.0 million accrues to the continuing operations.

## CHANGE IN CORE BUSINESS

Over the past year, the Group has lined up several proposed initiatives in the real estate agency business, that will form the cornerstone of its revitalisation and rebuilding strategy for APS. It entered into various sale and purchase agreements ("SPA") as well as a cooperation agreement, all of which are subject to shareholders' approval at an Extraordinary General Meeting ("EGM") to be convened on 15 October 2015.

Following receipt of approval from shareholders to change its core business, the Group will proceed with the divestment of its loss-making bereavement care services under HMSC to Heng Aik Koon for RM10.7 million in cash.

## NEW THRUST IN REAL ESTATE AGENCY BUSINESS

To kick-start its thrust into the real estate agency business, the Group has entered into two SPAs and a cooperation agreement to form its joint venture for a real estate internet portal.

### Proposed Acquisition of Century 21 Hong Kong Limited

The Group is looking to acquire the entire stake in Century 21 Hong Kong Limited ("C21-HK"), a sub-franchisor that grants the world-renowned Century 21 franchise to licensed real estate brokers in Hong Kong and Macau. With C21-HK in its fold, APS will have access to Century 21's marketing and operating systems as well as its retail networks. The S\$1 million acquisition, when approved, will be satisfied by the issuance of 33,333,333 new ordinary APS shares at \$0.03 per share.

# OPERATIONS REVIEW

## Proposed Acquisition of Global Alliance Property Pte. Ltd.

The Group is also looking to acquire Global Alliance Property Pte. Ltd. ("GAP"), a Singapore real estate brokerage, for S\$2.75 million. GAP was recently formed from the merger of two well-established local players, Global Property Strategic Alliance Pte. Ltd. ("GPSA") and MORE Property Pte. Ltd. ("MORE"), both of which have a combined base of about 800 real estate agents. GAP has taken over, amongst other items, the agents, fixed assets and rental leases of GPSA and MORE; all liabilities and debts are excluded. GPSA and MORE have also transferred their staff to GAP.

The consideration of S\$2.75 million will be payable in two tranches. The first tranche, comprising S\$1.25 million, will be paid in cash. The second tranche, worth S\$1.5 million, will be paid in APS shares ("Consideration Shares") within two months after the completion of the acquisition of GAP. The Consideration Shares will be deposited in escrow for 12 months and 18 months before release to GPSA and MORE respectively. These shares will have an issue price pegged at 90% of the average APS share price for the five-day period preceding the date on which the conditions precedent are fulfilled or waived in accordance to the SPA.

## Cooperation Agreement to Establish Online Property Transaction Platform

APS entered into a cooperation agreement with China Real Estate Development Union Group Limited ("CREU") and Oei Hong Leong Foundation Pte. Ltd. to jointly develop an online property transaction platform for overseas Chinese investors and enterprises. When the cooperation agreement is approved, each party will hold a one-third stake in the joint venture company.

The internet portal will be able to access the extensive database of CREU. As a pioneer in PRC's real estate development, CREU has built up invaluable information on the PRC real estate industry, policies and market

trends. In addition, the internet portal is planning to access Century 21's global property network through its franchisors around the world.

When established, this internet portal will serve overseas Chinese keen to invest in residential and commercial property both in China and across the globe, moving APS away from a single-country focus to a diversified platform with a global reach. This will enable the Group to explore exciting new opportunities for growth.

## FUND-RAISING

### 2015 Rights cum Warrants Issue

To help fund these strategic acquisitions and initiatives, APS has proposed a renounceable Rights cum Warrants issue on the basis of two rights shares for every one existing share held at S\$0.005 per rights share and one free warrant with an exercise price of S\$0.005 for every rights share subscribed. This Rights cum Warrants issue is also subject to shareholders' approval at the aforementioned EGM.

Once shareholders give their backing, APS will allot and issue up to 3,373,458,070 new ordinary shares of APS with up to 3,373,458,070 free detachable warrants. The net proceeds of up to S\$16.5 million from this exercise will be used to help fund APS' foray into the real estate agency business. Adjustments will be made to the number and/or exercise price of APS' outstanding warrants through which APS can issue additional warrants and shares (upon exercise of these warrants).





# FORGING AHEAD

We will be building the different parts of our new real estate business, harnessing the strengths and capabilities of each to establish a strong network of property-related services and products and make our mark in the industry.



# SIGNIFICANT EVENTS

| DATE        | FINANCIAL CALENDAR                         |
|-------------|--|
| 31 Oct 2014 | Annual General Meeting for FY2014          |
| 14 Nov 2014 | Announcement of 1QFY2015 Financial Results |
| 13 Feb 2015 | Announcement of 2QFY2015 Financial Results |
| 13 May 2015 | Announcement of 3QFY2015 Financial Results |
| 27 Aug 2015 | Announcement of FY2015 Financial Results   |

| DATE        | ANNOUNCEMENTS   |
|-------------|---|
| 04 Jul 2014 | <p>Sale &amp; purchase agreement (“SPA”) with Heng Aik Koon for the sale of wholly-owned subsidiary HMS Capital Sdn Bhd for RM10.7 million in cash.</p> <p>HMS Capital Sdn Bhd owns and operates the Semenyih Memorial Hills in Kuala Lumpur and also provides bereavement care and funeral and disposition services.</p>   |
| 13 Aug 2014 | Appointed Canaccord Genuity Singapore Pte. Ltd. (“Canaccord Genuity”) as financial adviser for the undertaking of the proposed acquisition of 100% of Coeur Gold Armenia Limited (“Coeur Gold Armenia”) from GR Business Holdings Limited (“GR Business Holdings”) for S\$500 million.  |
| 24 Oct 2014 | SPA with GR Business Holdings for the proposed acquisition of 100% of Coeur Gold Armenia for S\$500 million – 2nd extension of Long Stop Date from 24 October 2014 to 24 February 2015, due to longer-than-expected period required for the Vendor to complete the Vendor Restructuring.  |
| 09 Dec 2014 | Announcement of the expiry of 15,740,300 unexercised Introducer Warrants.   |
| 10 Dec 2014 | SPA with Awang Ahmad Sah to acquire 22.3% of Silvermane Investments Limited for S\$6 million. Silvermane Investments Limited indirectly holds 90% of the Amayapampa Gold Project in Bolivia.  |
| 09 Feb 2015 | SPA with GR Business Holdings for the proposed acquisition of 100% of Coeur Gold Armenia for S\$500 million – 3rd extension of Long Stop Date from 24 February 2015 to 24 June 2015, due to longer-than-expected period required for the Vendor to complete the Vendor Restructuring.   |
| 11 May 2015 | SPA with Menkin Limited for the acquisition of 100% of Century 21 Hong Kong Limited (“C21-HK”) for S\$1 million. This will be satisfied by the issuance of 33,333,333 new ordinary shares of the Company at \$0.03 per share.   |
| 20 May 2015 | <p>Cooperation agreement with China Real Estate Development Union Group Limited (“CREU”) and Oei Hong Leong Foundation Pte. Ltd. (“OHLF”) to create a world-class internet platform that will provide real estate agency services to overseas Chinese investors and enterprises.</p> <p>Each party will hold a one-third stake in the Joint Venture Company (“JVC”) to be set up upon receipt of shareholders’ approval at an Extraordinary General Meeting (“EGM”) to be convened at a later date.</p> |
| 19 Jun 2015 | The Company, CREU and OHLF proposed directors to be appointed upon incorporation of the JVC.  |

# SIGNIFICANT EVENTS

| DATE         | ANNOUNCEMENTS  |
|--------------|--|
| 29 Jun 2015  | <p>SPA with GR Business Holdings for the proposed acquisition of 100% of Coeur Gold Armenia for S\$500 million – 4th extension of Long Stop Date from 24 June 2015 to 24 October 2015, due to longer-than-expected period required for the Vendor to complete the Vendor Restructuring.</p> <p>Signed MOU with GR Business Holdings for the possibility of including another gold mine into the RTO of Coeur Gold Armenia.</p> <p>Coeur Gold Armenia is in the process of acquiring at least 51% in Siberian Mining and Metallurgical Alliance (“SiGMA”), a company registered in St Petersburg, the Russian Federation. SiGMA holds a licence to explore, develop and mine the gold in Ozernovskoye Gold Ore Mine located at Karaginsky district Kamchatka Krai, the Russian Federation for a period until 1 July 2030.</p> |
| 29 Jun 2015  | <p>Proposed renounceable Rights cum Warrants issue of up to 3,373,458,070 new ordinary shares of the Company with up to 3,373,458,070 free detachable warrants:</p> <ul style="list-style-type: none"> <li>• Two Rights Shares at S\$0.005 apiece, for every one existing Share held.</li> <li>• One free Warrant for every one Rights Share subscribed, convertible into one Share at an exercise price of S\$0.005 per Warrant.</li> </ul>   |
| 21 July 2015 | <p>SPA with Global Property Strategic Alliance Pte. Ltd. (“GPSA”) and MORE Property Pte. Ltd. (“MORE”) to acquire 100% of Global Alliance Property Pte. Ltd. (“GAP”) for S\$2.75 million.</p> <ul style="list-style-type: none"> <li>• GAP, owned by GPSA (71%) and MORE (29%), will be engaged in the real estate agency business and will have around 800 real estate agents upon commencement of operations.</li> <li>• This will be satisfied by cash of S\$1.25 million and the issuance of new and ordinary shares of the Company worth S\$1.5 million to GPSA and MORE.</li> </ul>  |
| 13 Aug 2015  | <p>Appointed Canaccord Genuity as the underwriter for the Rights cum Warrants Issue of up to 3,373,458,070 new ordinary shares of the Company with up to 3,373,458,070 free detachable warrants. The Rights cum Warrants Issue will be partially underwritten, with Canaccord Genuity underwriting up to 1,367,454,261 Rights Shares.</p>  |
| 25 Aug 2015  | <p>SPA with GR Business Holdings for the proposed acquisition of 100% of Coeur Gold Armenia for S\$500 million – MOU with GR Business Holdings to potentially include another gold mine into the assets to be acquired by the Company pursuant to the proposed acquisition of Coeur Gold Armenia lapsed on 24 August 2015.</p> <p>No action is anticipated at this point of time until APS receives confirmation from GR Business Holdings that the SiGMA acquisition is completed.</p>  |
| 17 Sep 2015  | <p>Received in-principle approval for the listing and quotation of:</p> <ul style="list-style-type: none"> <li>• 33,333,333 new ordinary shares in the Company as consideration for the acquisition of C21-HK.</li> <li>• Up to 3,373,458,070 new ordinary shares on the basis of two Rights Shares for every existing ordinary share held by shareholders as at the Books Closure Date.</li> <li>• Up to 3,373,458,070 free detachable warrants on the basis of one Warrant for every one Rights Share subscribed, each Warrant carrying the right to subscribe for one new ordinary share.</li> <li>• Up to 3,373,458,070 Warrant Shares.</li> <li>• Up to 531,572,974 adjustment warrants.</li> <li>• Up to 629,640,517 adjustment warrant shares.</li> </ul>   |
| 29 Sep 2015  | <p>Announcement of EGM to be held on 15 October 2015.</p>  |

# BOARD OF DIRECTORS

## **Dato' Dr Choo Yeow Ming** **Chairman and Chief Executive Officer ("CEO")**

Dato' Choo was appointed as Director of APS since 6 July 2006. As CEO, he is responsible for the overall operations, management, strategic planning and business development of the Group. A lawyer by training, Dato' Choo obtained his law degrees from the University of Malaya, the Chicago-Kent College of Law and the Harvard University Law School. Thereafter, Dato' Choo practiced as an attorney in Chicago, Minneapolis, New York and Hong Kong, specialising in capital market transactions, mergers and acquisitions. Dato' Choo was a partner at Winthrop Stimson Putnam & Roberts (now known as Pillsbury Winthrop) from 1992 to 2001, before becoming the executive chairman of Capital Strategic Investment Limited, which is listed on the Hong Kong Exchanges and Clearing Limited. In that role, Dato' Choo took overall management responsibility for Capital Strategic Investment Limited before he stepped down in 2005.

## **Ir. Heng Aik Koon** **Executive Director**

Ir. Heng was appointed to the Board upon the incorporation of the Company on 6 July 2006. Ir. Heng has been a director of HMS Capital Sdn Bhd ("HMSC") since 3 March 1997 and is currently its CEO. Ir. Heng was formerly the managing director of Besraya (M) Sdn Bhd, a design builder, owner and operator of a toll highway concessionaire in Malaysia. Prior to that, Ir. Heng served for over 18 years at the Ministry of Works, Malaysia. His last appointment at the Ministry of Works was as Head of the Transport Planning and Engineering Section of the Highway Planning Unit, where he oversaw the conceptualisation and detailed planning of many of the major highways in Malaysia. Ir. Heng holds a Bachelor of Civil Engineering (Hons) from the University of Malaya, Malaysia, and a Master of Science from the University of Salford.

## **Lee Keng Mun** **Executive Director and Chief Financial Officer ("CFO")**

Mr Lee was appointed to the Board on 14 November 2012. In his role, he is responsible for overseeing the Group's financial functions including accounting, auditing, investment, tax, financial analysis, profit and loss management, merger and acquisition support, risk management and strategic planning.

Mr Lee joined the Company in November 2007 as Group Finance Controller and was promoted to the post of CFO, a role he continues to assume after his appointment to the Board. Before joining the Group, he was with the assurance and advisory business services division of Ernst & Young Singapore from January 2007 to October 2007. He was with Deloitte & Touche Malaysia from May 1997 to February 2005. From March 2005 to December 2006, he joined as senior manager of a listed company of Bursa Malaysia. Mr Lee holds a Bachelor of Accounting from the University of Malaya and is a member of the Malaysia Institute of Accountants and the Institute of Singapore Chartered Accountants.

## **Hano Maeloa** **Non-Executive Director**

Mr Maeloa was appointed to the Board on 12 February 2008. Mr Maeloa graduated with a Bachelor of Science in Business Administration from the University of Southern California. He has wide business management experience in different industries ranging from banking, food and beverage, securities and fund management, real estate, golf and country club to shipping. He has excellent business experience in the Asia Pacific region with vast business contacts. Mr Maeloa has been CEO of Pancon Marine & Shipping Services since 2003 as well as a director at Bintan Golden Shipping since 2002. On the investment front, he gained valuable experience at companies such as Harumdana Sekuritas, where he served as a vice-president director for five years. In the food industry, he earned his spurs at the likes of Wendy's in Hong Kong, where he was Managing Director for six years. He is currently the executive director and CEO of Top Global Limited and non-executive director of Albedo Limited.

# BOARD OF DIRECTORS

## **Faizal Bin Ahmad Stalin** **Non-Executive Director**

Mr Faizal was appointed to the Board upon the incorporation of the Company on 6 July 2006. Mr Faizal was an assistant manager at Colliers Jordan Lee & Jaafar from 2000 to 2005. Since 2005, he has been an executive director of HMSC, playing a key role in the conceptualisation of the Semenyih Memorial Hills project. Mr Faizal is well versed in the local government requirements and approval processes, having worked on the upgrading of the Bukit Kiara Cemetery in Kuala Lumpur as well as on a comprehensive proposal for the relocation of a Chinese cemetery. He graduated with a Bachelor of Science and a Master of Science in Property Investment and Finance from the City University of London in 1998.

## **Dr Lam Lee G.** **Lead Independent Director**

Dr Lam was appointed to the Board on 5 June 2007. He holds a Bachelor of Science in Mathematics and Sciences, a Master of Science in Systems Science, and a Master of Business Administration, all from the University of Ottawa in Canada, a post-graduate Diploma in Public Administration from Carleton University in Canada, a post-graduate Diploma in English and Hong Kong Law and a LLB (Hons) in law from Manchester Metropolitan University in the United Kingdom, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, a LLM in law from the City University of Wolverhampton in the United Kingdom, and Master of Public Administration and a Doctor of Philosophy from the University of Hong Kong. A former member of the Hong Kong Bar, Dr Lam is a solicitor of the High Court of Hong Kong and an honorary fellow of CPA Australia.

Dr Lam has over 30 years of international experience in general management, management consulting, corporate governance, direct investment, investment banking and fund management across the telecommunications, media and technology, consumer/healthcare, infrastructure/real estates, resources/energy and financial services sectors, and he also serves on the board of a number of publicly listed companies and investment funds in the Asia Pacific region. He is chairman of Indochina, Myanmar and Thailand, and Senior Adviser – Asia, of Macquarie Infrastructure and Real Assets.

Actively participating in community service, Dr Lam served as a part-time member of the Central Policy Unit of the Government of the Hong Kong Special Administrative Region for two terms. He is a member of the Legal Aid Services Council of Hong Kong and a member of the New Business Committee of the Financial Services Development Council. He is a member of the Jilin Province Committee (and formerly a specially-invited member of the Zhejiang Province Committee) of the Chinese People's Political Consultative Conference, a vice chairman of Liaoning Chinese Overseas Friendship Association, a member of the Derivatives Market Consultative Panel of Hong Kong Exchanges and Clearing Limited, a member of the Hong Kong Institute of Bankers, a member of the World Presidents' Organisation, a member of the Chief Executives Organisation, a fellow of the Hong Kong Institute of Directors, a fellow of the Hong Kong Institute of Arbitrators, an accredited mediator of the Centre for Effective Dispute Resolution, a vice president of the Hong Kong Real Property Federation, a founding board member and honorary treasurer of the Hong Kong-Vietnam Chamber of Commerce, a member of the Hong Kong-Thailand Business Council, a founding member of the Hong Kong-Korea Business Council, a board member of the Australia Chamber of Commerce in Hong Kong and Macau, chairman of Monte Jade Science and Technology Association of Hong Kong, president of Hong Kong-ASEAN Economic Cooperation Foundation, and a member of the Court of City University of Hong Kong.

## **Chew Soo Lin** **Independent Director**

Mr Chew was appointed to the Board on 5 June 2007. He qualified as an U.K. Chartered Accountant in 1971 and worked with international audit firms in England and Singapore till 1978 when he joined the Khong Guan group of companies. Mr Chew is currently the executive chairman of Khong Guan Flour Milling Limited. He is also an independent director and member of the audit committee of Duty Free International Limited and MTQ Corporation Limited. Mr Chew was previously deputy managing director of Khong Guan Holdings (Malaysia) Bhd and executive director of United Malayan Flour Mills Bhd, which were public listed companies in Malaysia.

# BOARD OF DIRECTORS

## **Yap Siew Sin** **Independent Director**

Mr Yap was appointed to the Board on 5 June 2007. Mr Yap holds post-graduate qualifications in architecture as well as in town planning. Mr Yap has extensive experience as a consultant architect, town planner and also business management of numerous construction and property development projects in Malaysia, Singapore and China. He is a corporate member of the Royal Institute of British Architects, Malaysian Institute of Town Planners, Malaysian Institute of Architects, British Institute of Interior Design, and an Associate Member of the British Institute of Building Engineers.

# KEY MANAGERS

## **Liew Choong Kong, Lawrence** **Chief Operating Officer of HMSC**

Mr Liew is responsible for managing the general operations of HMSC. Mr Liew has over 27 years' experience in the planning, design and implementation of major infrastructural related projects. After his graduation, Mr Liew joined a private consulting engineering company in 1988, where he was responsible for the planning, coordination, technical management and execution of various civil engineering projects including the design and development of a new airport on greenfield site in East Malaysia. Mr Liew was also lead manager for various major traffic and transport studies in the Klang Valley, highway privatisation initiatives and programme management for various infrastructural and intelligent transport system projects and deployments. Mr Liew graduated from the University of New Brunswick with a Bachelor of Science in Engineering and a Master of Science in Civil Engineering. He is also a graduate member of the Institution of Engineers Malaysia.

## **Dato' Ir. Han Joke Kwang** **Technical Director of HMSC**

In his role as Technical Director, Dato' Ir. Han is responsible for the planning, implementation and execution of the construction plans for SMH. Dato' Ir. Han brings with him a wealth of expertise in public and private engineering works projects. Dato' Ir. Han obtained his B.E. (Hons) from the University of Canterbury, New Zealand in 1973 and his M.Sc. (Eng) from the University of Michigan, USA in 1985. Upon his return from New Zealand, he started his working career with the Public Works Department ("JKR"), Malaysia. Dato' Ir Han was the Director of Corporate Planning in JKR when he took optional retirement to join the corporate sector. Thereafter, Dato' Ir Han joined Besraya (M) Sdn Bhd as an executive director, before becoming technical adviser to HMS Perunding Sdn Bhd in 2000. Dato' Ir. Han is a fellow of the Institution of Engineers Malaysia, council member of the Road Engineering Association of Malaysia, and its forerunner REAAA (Malaysian Branch), and also council member of both The Chartered Institution of Highways and Transportation (Malaysian Branch) and Intelligent Transport System Association of Malaysia.

## **Leong Fook Weng, Kevin** **Marketing Director of HMSC**

As Marketing Director, Mr Leong is responsible for product development, sales, planning, execution of market campaigns, customer relations as well as specialised training for sales staff. Mr Leong has been in the business of project management and real estate sales and marketing since 1993, when he took on the role of general manager of Aldini Charter-York Sdn Bhd. In 2001, Mr Leong became a partner in BMC Properties which specialises in project management and the marketing of properties in the Klang Valley. Mr Leong graduated with a Bachelor of Social Sciences from the Universiti Sains Malaysia, Penang, Malaysia in 1982.

# CORPORATE GOVERNANCE REPORT

Asia-Pacific Strategic Investments Limited (the “Company”) is committed to maintaining a high standard of corporate governance and has put in place self-regulatory corporate practices to protect the interests of its shareholders and enhance long-term shareholder value.

This Corporate Governance Report describes the Company’s corporate governance processes and activities that are currently in place for the financial year ended 30 June 2015, with special reference to the relevant provisions of the revised Code of Corporate Governance 2012 (the “Code”).

In line with the Code, the Board of Directors (the “Board”) hereby confirms that the Company has adhered to the principles and guidelines of the Code and that all deviations from the Code are disclosed and explained.

## BOARD MATTERS

### *The Board’s Conduct of Affairs*

***Principle 1 : Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.***

The Board comprises:

**Dato’ Dr Choo Yeow Ming** (Chairman and Chief Executive Officer)

**Ir. Heng Aik Koon** (Executive Director)

**Lee Keng Mun** (Executive Director and Chief Financial Officer)

**Hano Maeloa** (Non-Executive Director)

**Faizal Bin Ahmad Stalin** (Non-Executive Director)

**Dr Lam Lee G.** (Lead Independent Director)

**Chew Soo Lin** (Independent Director)

**Yap Siean Sin** (Independent Director)

The Board oversees the affairs of the Group and focuses on strategies and policies, with particular attention paid to growth and financial performance. It delegates the formulation of business policies and day-to-day management to the executive directors. The Board is responsible for:

1. providing entrepreneurial leadership, setting strategic aims, and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
2. establishing a framework of prudent and effective controls that enables risk to be assessed and managed;
3. reviewing Management’s performance;
4. identifying the key stakeholder groups and recognising that their perceptions affect the Group’s reputation;
5. setting the Group’s values and standards (including ethical standards), and ensuring that obligations to shareholders and other stakeholders are understood and met;
6. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation;
7. ensuring the Group’s compliance with laws, regulations, policies, directives, guidelines and internal code of conduct; and
8. approving quarterly, half-year and full-year results announcements.

The Company has adopted internal guidelines setting forth matters that require Board approval, examples of which include corporate plans, material acquisitions and disposals of assets, share issuances, dividends and other returns to shareholders. All directors objectively take part in decisions affecting the interests of the Company;

# CORPORATE GOVERNANCE REPORT

The Board also delegates certain of its functions to the Audit, Nominating and Remuneration Committees and these functions are described separately under the various sections below that cover each committee. Each committee has its own defined terms of reference and operating procedures.

The Board conducts scheduled meetings on a regular basis. The Company's Articles of Association allow a board meeting to be conducted by way of a telephone conference or by means of similar communication equipment whereby all persons participating in the meeting are able to hear one another.

The number of meetings held in respect of the financial year ended 30 June 2015 and the attendance of the directors are set out in the table below:

## Directors' Attendance at Board and Board Committee Meetings

|                         | Board Meeting |          | Audit Committee Meeting |          | Nominating Committee Meeting |          | Remuneration Committee Meeting |          |
|-------------------------|---------------|----------|-------------------------|----------|------------------------------|----------|--------------------------------|----------|
|                         | Held          | Attended | Held                    | Attended | Held                         | Attended | Held                           | Attended |
| Dato' Dr Choo Yeow Ming | 4             | 4        | -                       | -        | 1                            | 1        | -                              | -        |
| Ir. Heng Aik Koon       | 4             | 0        | -                       | -        | -                            | -        | -                              | -        |
| Lee Keng Mun            | 4             | 4        | -                       | -        | -                            | -        | -                              | -        |
| Faizal Bin Ahmad Stalin | 4             | 3        | -                       | -        | -                            | -        | -                              | -        |
| Hano Maeloa             | 4             | 4        | -                       | -        | -                            | -        | -                              | -        |
| Dr Lam Lee G.           | 4             | 3        | 4                       | 3        | 1                            | 1        | 1                              | 1        |
| Chew Soo Lin            | 4             | 4        | 4                       | 4        | 1                            | 1        | 1                              | 1        |
| Yap Siew Sin            | 4             | 3        | 4                       | 2        | -                            | -        | 1                              | 1        |

When new directors are appointed, the Company provides a formal letter to the new directors setting out their duties and obligations. In addition, the new directors undergo an orientation programme where the CEO briefs them on the Group's business, policies and governance practices to ensure that they are familiar with these areas. Directors and key management personnel are encouraged to undergo, at the Company's expense, relevant training to enhance their skills and knowledge, particularly regarding new laws, regulations and changing risks that affect the Group's operations. Other areas where training is provided include governance practices as well as accounting, legal and industry-specific knowledge.

## Board Composition and Guidance

**Principle 2 : There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

The Board, taking into account the nature and scope of the Group's operations and the impact of the number of directors upon effectiveness in decision making, is of the view that the current board size of eight directors, with at least one-third of the directors being independent, has a strong and independent element. The Board exercises judgment on corporate affairs objectively and independently, in particular, from Management and no individual or small group of individuals dominates the Board's decision-making.

The Independent Directors consist of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. These competencies include accounting, finance and business management. None of the Independent Directors have any relationship with the Company, its related companies, its 10% shareholders or its officers that could interfere, or be perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company.



# CORPORATE GOVERNANCE REPORT

The Non-Executive Directors constructively challenge and help develop proposals for strategy, and also review the performance of Management in meeting agreed goals and objectives, and monitor the reporting of performance.

None of the directors have served the Company for a period exceeding nine years. The composition of the Board and independence of each Independent Director are and will be reviewed annually by the Nominating Committee.

## **Chairman and Chief Executive Officer**

**Principle 3 : There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

The Chairman of the Company, Dato' Dr Choo Yeow Ming, is also the Group CEO. As Chairman, he is responsible for the effective workings of the Board. The responsibilities of the Chairman include:

1. leading the Board to ensuring its effectiveness in all aspects of its role;
2. setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;
3. promoting a culture of openness and debate within the Board;
4. ensuring that the directors receive accurate, timely and clear information;
5. ensuring effective communication with shareholders;
6. encouraging constructive relations within the Board and between the Board and Management;
7. facilitating the effective contribution of the non-executive directors in particular; and
8. promoting high standards of corporate governance.

In his role as CEO, Dato' Choo is the most senior executive in the Group and holds executive responsibility for the Group's business. He is assisted by Executive Directors, Ir. Heng Aik Koon and Lee Keng Mun in the management of day-to-day operations. Ir. Heng and Mr Lee are not related to Dato' Choo. In addition, the Board has established various committees that are made up of mainly independent directors. The Board has demonstrated that it is able to exercise independent decision-making.

As the Chairman and the CEO are the same person, Dr Lam Lee G. was appointed as the Lead Independent Director as recommended under the Code. Dr Lam would be available to shareholders if they have concerns in situations where contact through the normal channels of Chairman, CEO or CFO has failed to resolve the issue or for which such contact is inappropriate.

In view of the above, the Board is of the opinion that Dato' Choo's dual roles as the Chairman and CEO of the Company do not affect the independence of the Board.

## **Board Membership**

**Principle 4 : There should be a formal and transparent process for the appointment of new directors to the Board.**

The members of the Nominating Committee ("NC") are as follows:

**Dr Lam Lee G.** (Chairman)

**Dato' Dr Choo Yeow Ming** (Member)

**Chew Soo Lin** (Member)

The majority of the NC members, including the Chairman of the NC are independent. The NC is scheduled to meet at least once a year. The NC is regulated by a set of terms of reference and its role is to establish a formal and transparent process for:

1. making recommendations to the Board on all Board appointments;
2. the re-nomination of the directors for re-election following their retirement pursuant to the Company's Articles of Association, having regard to each such director's past contribution and performance as well as his future contribution;

# CORPORATE GOVERNANCE REPORT

3. determining annually whether or not a director is independent in accordance with the guidelines set out in the Code;
4. deciding whether or not a director is able to and has adequately carried out his duties as a director;
5. subject to the Board's approval, deciding on how the Board's performance is to be evaluated and proposing objective performance criteria that address how the Board has enhanced long-term shareholder value;
6. carrying out the process (to be implemented by the Board) to assess the effectiveness of the Board as a whole and the contribution by each individual director to the effectiveness of the Board; and
7. reviewing and making recommendations to the Board on the training and professional development programme for the Board.

In the selection and nomination for new directors, the NC identifies the key attributes that an incoming director should have, based on attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the NC taps the resources of the directors' personal contacts for recommendations of potential candidates. The potential candidates will go through a shortlisting process. Interviews are then set up with the shortlisted candidates for the NC to assess them before a decision is made.

New directors are appointed by way of a board resolution, after the NC has approved their nominations. Such new directors submit themselves for re-election at the next Annual General Meeting ("AGM") of the Company.

According to the provisions of the Memorandum and Articles of Association of the Company, all Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. The NC has recommended that the following Directors retire pursuant to Article 91 of the Company's Articles of Association, being eligible and having consented, be nominated for re-appointment at the forthcoming AGM:

| Name of Director        | Appointment                | Date Appointed   |
|-------------------------|----------------------------|------------------|
| Dato' Dr Choo Yeow Ming | Chairman and CEO           | 6 July 2006      |
| Lee Keng Mun            | Executive Director and CFO | 14 November 2012 |
| Dr Lam Lee G.           | Lead Independent Director  | 5 June 2007      |

The directors named above do not have any relationship (including immediate family relationship) with other directors, the Company or its 10% shareholders.

All directors are required to declare their board representations as at the date of this annual report. The date of initial appointment and last re-election of each director to the Board together with his directorships in other listed companies, both current and those held over in the preceding three years, are set out below:

| Name of Director        | Date of first appointment to the Board | Date of last re-election as Director | Current directorships in other listed companies | Past directorships in other listed companies (preceding three years) |
|-------------------------|--|--------------------------------------|---|--|
| Dato' Dr Choo Yeow Ming | 6 July 2006                            | 24 October 2013                      | N.A.  | N.A.   |
| Ir. Heng Aik Koon       | 6 July 2006                            | 31 October 2014                      | N.A.  | N.A.   |
| Lee Keng Mun            | 14 November 2012                       | 24 October 2013                      | N.A.  | N.A.   |
| Faizal Bin Ahmad Stalin | 6 July 2006                            | 31 October 2014                      | N.A.  | N.A.   |
| Hano Maeloa             | 12 February 2008                       | 31 October 2014                      | Top Global Limited<br>Albedo Limited            | N.A.   |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Date of first appointment to the Board | Date of last re-election as Director | Current directorships in other listed companies   | Past directorships in other listed companies (preceding three years)  |
|------------------|--|--------------------------------------|---|---|
| Dr Lam Lee G.    | 5 June 2007                            | 30 October 2012                      | China LNG Group Limited<br>Coalbank Limited<br>CSI Properties Limited<br>Glorious Sun Enterprise Limited<br>Imagi International Holdings Limited<br>Mei Ah Entertainment Group Limited<br>Rowsley Ltd<br>Sunwah Kingsway Capital Holdings Limited<br>Sunwah International Limited<br>Top Global Limited<br>Vongroup Limited<br>Vietnam Equity Holding<br>Vietnam Property Holding | China Communication Telecom Services Company Limited<br>Far East Holdings International Limited<br>Heng Fai Enterprises Limited<br>Hutchison Harbour Ring Limited<br>Mingyuan Medicare Development Company Limited<br>Next-Generation Satellite Communications Limited<br>Ruifeng Petroleum Chemical Holdings Ltd<br>TMC Life Sciences Berhad<br>Wai Chun Mining Industry Group Co. Ltd |
| Chew Soo Lin     | 5 June 2007                            | 24 October 2013                      | Khong Guan Flour Milling Limited<br>Duty Free International Limited<br>MTQ Corporation Limited  | N.A.  |
| Yap Siean Sin    | 5 June 2007                            | 24 October 2013                      | N.A.  | N.A.  |

# CORPORATE GOVERNANCE REPORT

The Company has guidelines in place to address the issue of competing time commitments faced by directors serving on multiple boards and the Board has adopted a general guideline that the maximum number of listed company board representations which any director may hold is six. Any exception to this guideline should be specifically approved by the NC, giving regard to whether the particular director would still be able to devote sufficient time and attention to the affairs of the Company, taking into consideration the director's number of listed company board representations and his other principal commitments. Currently, the only director with more than six listed company board representations is Dr Lam. The NC is satisfied that sufficient time and attention was given by Dr Lam to the affairs of the Company.

Profiles of the directors are found on pages 10 to 12 of this Annual Report.

## ***Board Performance***

***Principle 5 : There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committee and the contribution by each director to the effectiveness of the Board.***

The NC has established a formal appraisal process to assess the performance and effectiveness of the Board as a whole as well as to assess the contribution of individual directors. The appraisal process focuses on a set of performance criteria that includes evaluation of the Board composition and size, provision of information to the Board, the Board process, the Board accountability, performance benchmarks and the Board's standards of conduct. Such performance criteria are approved by the Board and they address how the Board has enhanced long-term shareholder value. The performance criteria do not change unless circumstances make it necessary and a decision to change them would be justified by the Board.

## ***Access to Information***

***Principle 6 : In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.***

In order to ensure that the Board is able to fulfill its responsibilities, Management provides Board members with management accounts of the Group and regular updates on the financial position of the Company. In addition, all relevant information on material events and transactions is circulated to directors as and when they arise. Whenever necessary, senior management staff will be invited to attend the Board meetings and AC meetings to answer queries and provide detailed insights into their areas of operations. A quarterly report of the Group's activities is also provided to the directors.

The Board members have separate and independent access to the Company Secretary. Under the direction of the Chairman, the Company Secretary ensures good information flows within the Board and its committees and between Management and non-executive directors, advising the Board on all governance matters, while also facilitating orientation and assisting professional development as required. The Company Secretary attends all Board meetings and meetings of Board Committees. The Company Secretary assists the Board in ensuring that Board procedures and relevant rules and regulations are complied with. The Board decides on the appointment and removal of the Company Secretary.

The Board, either individually or as a group, in the discharge of its duties, has access to independent professional advice, if necessary, at the Company's expense.

## **REMUNERATION MATTERS**

### ***Procedures for Developing Remuneration Policies***

***Principle 7 : There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.***

# CORPORATE GOVERNANCE REPORT

The Remuneration Committee (“RC”) comprises the following directors:

**Chew Soo Lin** (Chairman)

**Dr Lam Lee G.** (Member)

**Yap Siean Sin** (Member)

The RC is made up entirely of independent non-executive directors so as to minimise the risk of any potential conflict. The RC is scheduled to meet at least once a year. The RC is regulated by a set of terms of reference and has access to independent professional advice inside and outside the Company, if necessary, in respect of the remuneration of all directors and key management personnel.

The RC’s main duties are:

1. recommending to the Board a remuneration framework for the directors and key management personnel;
2. determining specific remuneration packages for each director and key management personnel; and
3. considering all aspects of remuneration, including but not limited to directors’ fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind.

## ***Level and Mix Of Remuneration***

***Principle 8 : The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.***

The Company adopts a formal and transparent procedure for developing policy on key management personnel remuneration and for fixing remuneration packages of individual directors. No director is involved in deciding his own remuneration. In setting remuneration packages, the Company takes into account pay and employment conditions of comparable companies in the same or similar industries, as well as the Group’s relative performance and the performance of individual director or key management personnel.

Executive directors do not receive directors’ fees. The remuneration policy for executive directors and key management personnel consists of fixed cash component and an annual variable component. The fixed component includes salary, pension fund contributions, annual wage supplement and other allowances. The variable component comprises bonus and profit sharing, payable on the achievement of corporate and individual performance targets. The performance target for both corporate and individual is profit before tax. The RC believes that profit before tax best reflects the financial health and performance measure used by other companies in similar industry, which allows for general comparability of performance. As the Group is in a loss position in FY2015, the performance target has not been met. The Company has no long-term incentive schemes involving the offer of shares or granting of options as it considers that administering such schemes is not cost effective currently. During the financial year, no variable component of the remuneration was paid to the executive directors and key management personnel as the corporate and individual performance targets were not achieved.

The Company has entered into service agreements with the Executive Directors, Dato’ Dr Choo Yeow Ming, Ir. Heng Aik Koon and Mr Lee Keng Mun.

The Non-Executive and Independent Directors do not have any service contracts. They are paid a basic fee and additional fees for serving on any of the Committees. In determining the quantum of such fees, factors such as frequency of meetings, time spent and the responsibilities of the directors are taken into account. The Board recommends payment of such fees on a quarterly basis to be approved by shareholders at the AGM of the Company.

The Company does not use contractual provisions to allow the Company to reclaim components of remuneration from Executive Directors and key management personnel in exceptional circumstances such as misstatement of financial results, or misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Directors in the event of such breaches of fiduciary duties.

# CORPORATE GOVERNANCE REPORT

## Disclosure on Remuneration

**Principle 9 : Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

In view of competitive pressure for talent in the industry and confidentiality issues, the Board, on review, decided not to disclose the remuneration of the Company's Directors and key management personnel in dollar amounts. The breakdown, showing the level and mix of each individual director's remuneration paid or payable in bands of S\$250,000 for the financial year ended 30 June 2015 is as follows:

| Name of Director        | Remuneration Band S\$ | Fixed Salary % | Annual Wage Supplement % | Director Fees % | Allowance % | Total % |
|-------------------------|-----------------------|----------------|--------------------------|-----------------|-------------|---------|
| Dato' Dr Choo Yeow Ming | 250,000 – 499,999     | 92             | 8                        | -               | -           | 100     |
| Ir. Heng Aik Koon       | 250,000 – 499,999     | 94             | -                        | -               | 6           | 100     |
| Lee Keng Mun            | < 250,000             | 92             | 8                        | -               | -           | 100     |
| Faizal Bin Ahmad Stalin | < 250,000             | 100*           | -                        | -               | -           | 100     |
| Hano Maeloa             | < 250,000             | -              | -                        | 100             | -           | 100     |
| Dr Lam Lee G            | < 250,000             | -              | -                        | 100             | -           | 100     |
| Chew Soo Lin            | < 250,000             | -              | -                        | 100             | -           | 100     |
| Yap Siean Sin           | < 250,000             | -              | -                        | 100             | -           | 100     |

\* Fixed salary paid by HMS Capital Sdn Bhd in relation to his executive role in the subsidiary.

The Company has only three key management personnel and the disclosure of their remuneration in bands of S\$250,000 for the financial year ended 30 June 2015 is as follows:

| Name of Key Management     | Remuneration Band S\$ | Fixed Salary % | Allowance % | Total % |
|----------------------------|-----------------------|----------------|-------------|---------|
| Liew Choong Kong, Lawrence | < 250,000             | 86             | 14          | 100     |
| Dato' Ir Han Joke Kwang    | < 250,000             | 85             | 15          | 100     |
| Leong Fook Weng, Kevin     | < 250,000             | 82             | 18          | 100     |

No employee who is an immediate family member of any director was paid more than S\$50,000 during the financial year ended 30 June 2015.

No termination or retirement benefits or post-employment benefits were granted to the directors, the CEO or key management personnel.

# CORPORATE GOVERNANCE REPORT

## ACCOUNTABILITY AND AUDIT

### *Accountability*

***Principle 10 : The Board should present a balanced and understandable assessment of the company's performance, position and prospects.***

The Board understands its accountability to the shareholders regarding the Group's performance. The objective of presenting annual financial statements and quarterly announcements to shareholders is to provide shareholders with a detailed and balanced analysis and explanation of the Group's financial position and prospects.

Management understands its role to provide all members of the Board with balanced and understandable management accounts of the Group's performance, position and prospects.

### *Risk Management and Internal Controls*

***Principle 11 : The Board is responsible for the governance of risk. The Board should ensure that the Management maintains a sound system of risk management and internal controls to safeguard the shareholders' interests and the company's asset, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.***

The Board reviews annually the adequacy and effectiveness of the Group's risk management and internal control systems, including financial, operational, compliance and information technology controls. The Board is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective.

The Board has received assurance from the CEO and CFO:

1. that the financial records have been properly maintained and that the financial statements give a true and fair view of the Company's operations and finances; and
2. regarding the effectiveness of the Company's risk management and internal control systems.

The Audit Committee ("AC"), on behalf of the Board, reviews the Group's system of internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by management. This process ensures that such systems are sound and adequate in providing reasonable assurance of the adequacy and effectiveness of the Group's internal controls, in addressing financial, operational, compliance and information technology risks and of the Group's risk management systems. While no cost-effective internal control system can provide absolute assurance against loss and misstatement, the Group's internal controls and systems have been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably protected against, proper accounting records are maintained and financial information used within the business and for publication, is reasonable and accurate.

At present, the Board relies on the internal auditor, the external audit reports and management letter prepared by the external auditor to highlight any material non-compliance or weaknesses in internal control. There were no major weaknesses in internal controls highlighted by the Group's external auditors or the internal auditor for the attention of the AC for FY2015.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls are adequate to address financial, operational, compliance and information technology risks, and that risk management systems are adequate in the Group's current business environment.

# CORPORATE GOVERNANCE REPORT

## *Audit Committee*

***Principle 12 : The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.***

The AC is comprised entirely of independent non-executive directors, namely:

**Yap Siew Sin** (Chairman)

**Dr Lam Lee G.** (Member)

**Chew Soo Lin** (Member)

The Board considers that the members of the AC are appropriately qualified to discharge their responsibilities. All members of the AC have many years of experience in senior management positions and have accounting or related financial management expertise and experience.

The AC is scheduled to meet at least four times a year. The AC is regulated by a written set of terms of reference and has carried out its duties, according to the terms of reference as follows:

1. reviewing the audit plans and reports of the Company's internal and external independent auditors;
2. reviewing the financial statements before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, the going-concern statement and compliance with accounting standards as well as compliance with any stock exchange and statutory/regulatory requirements;
3. reviewing internal controls and procedures and ensuring co-ordination between the external auditors and Management, reviewing the assistance given by Management to the auditors, and discussing problems and concerns, if any, arising from the interim and final audits, and any matters that auditors might wish to discuss (in the absence of Management where necessary);
4. reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and Management's response;
5. reviewing and evaluating the independence and performance of the external auditors;
6. considering the appointment or re-appointment of the external auditors and matters relating to resignation or dismissal of the auditors and approving the remuneration and terms of engagement;
7. reviewing and approving interested person transactions, if any, that fall within the scope of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (Section B: Rules of Catalist) (the "Listing Manual");
8. reviewing any potential conflicts of interest and ensuring that procedures for resolving such conflicts are sufficient and strictly adhered to by the Company;
9. reviewing the Company's foreign exchange exposure and procedures to manage its foreign currency risk;
10. reviewing the effectiveness and adequacy of internal controls, including financial, operational, compliance and information technology controls;
11. reviewing significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance;
12. reviewing the adequacy of the Company's business risk management process;
13. reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensuring that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions;
14. undertaking other such reviews or projects as might be requested by the Board and reporting to the Board its findings from time to time on matters that arise and require the attention of the AC; and



# CORPORATE GOVERNANCE REPORT

15. generally undertaking other such functions or duties as might be required by statute or the Listing Manual and by amendments made thereto from time to time.

In addition to the above, the AC has explicit authority to investigate any matter within its terms of reference, full access to Management and its cooperation, and full discretion to invite any director or key management personnel to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The external auditor provides regular updates and periodic briefings to the AC regarding changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and their corresponding impact on the financial statements, if any.

The Company does not have any whistle-blowing policy. However, staff of the Company was informed about various avenues, including the chairman of the AC, to report on possible improprieties in matters of financial reporting or other matters.

During the financial year ended 30 June 2015, the AC reviewed and approved the internal and external audit plans and financial results. The AC met once with the external and internal auditors without the presence of Management.

Having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement director assigned to the audit, the firm's other engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit, the Board and the AC are of the opinion that a suitable auditing firm has been appointed to meet the Company's auditing obligations.

The Company has appointed a suitable audit firm for its subsidiaries that are incorporated in Malaysia. In this regard, the Board is of the view that the Company complies with Rule 712 and Rule 716 of the Catalist Rules.

The Company is pleased to recommend to the Board that Nexia TS Public Accounting Corporation be nominated for re-appointment as external auditor of the Company at the forthcoming AGM. Audit fees paid to Nexia TS Public Accounting Corporation for FY2015 amounted to S\$40,000. There was no non-audit related work carried out by the external auditor and the AC is satisfied that their independence was not impaired.

## **Internal Audit**

***Principle 13 : The company should establish an internal audit function that is adequately resourced and independent of the activities it audits.***

The Company has established an internal audit function that is independent of the activities it audits. As recommended by the AC, the Company has outsourced the internal audit function to an independent corporation, NGL Tricor Governance Sdn Bhd ("NGL Tricor"). The internal auditor reports to the Chairman of the AC on audit matters and to the CEO for administrative matters. The internal audit plan was approved by the AC and the results of the audit findings were submitted to the AC for its review.

During the financial year ended 30 June 2015, NGL Tricor reviewed key internal controls in selected areas as advised by the AC and reported its findings together with recommendations on areas for improvement to the AC for review and approval, so as to improve the development of better and more effective internal controls. The AC is satisfied that the Group's internal audit function is adequately outsourced and resourced and has appropriate standing within the Group. The AC is also satisfied that the internal auditor meets the standards set by internationally recognised professional bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND RESPONSIBILITIES

### *Shareholder Rights*

***Principle 14 : Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.***

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business that could have a material impact on the share price and value.

The Company strongly encourages shareholder participation during the general meetings of shareholders. Shareholders are able to proactively engage the Board and Management regarding the Group's business activities. Shareholders are informed of the rules, including voting procedures that govern general meetings of shareholders.

Registered shareholders including corporations, unable to attend the AGM are provided with an option to appoint up to two proxies. This allows shareholders who hold shares through corporations to attend and participate in the AGM as proxies.

### *Communication with Shareholders*

***Principle 15 : Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.***

In line with the Company's obligations for continuing disclosure, the Board's policy is for shareholders to be informed of all major developments and transactions that have an impact on the Group.

The Company does not practice selective disclosure. The Board will communicate pertinent information to its shareholders on a regular and timely basis through:

1. the Company's annual report, which is prepared and issued to all shareholders. The Board makes every effort to ensure that the annual report includes all relevant information about the Group, including future development and other disclosures required by the Singapore Companies Act and the Singapore Financial Reporting Standards;
2. quarterly, half-year and full-year financial statements containing a summary of the financial information and affairs of the Group. These are announced via the SGXNET;
3. notices of annual general meetings and extraordinary general meetings;
4. analysts' briefings;
5. announcements via SGXNET regarding major developments that affect the Group; and
6. the Group website at [www.asiastrategic.com.sg](http://www.asiastrategic.com.sg) from which shareholders can access information on the Group. The website provides, *inter alia*, all publicly disclosed financial information, corporate announcements, annual reports, and profiles of the Group.

The Company will hold an AGM in October 2015. Such AGMs represent its principal forum of dialogue and interaction with shareholders. The Company will consider the use of other forums set out in the Code as and when such needs arise.

### *Dividend Policy*

The Company does not have a fixed dividend policy. The form, frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, developments plans and other factors as the directors might deem appropriate. The Board is not recommending any dividends for FY2015 because of losses incurred and the financial position of the Company.

# CORPORATE GOVERNANCE REPORT

## *Conduct of Shareholder Meetings*

***Principle 16 : Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.***

Shareholders are encouraged to attend the AGM as this is the principal forum for any dialogue they may have with the directors and Management of the Company.

The Company's Annual Report, together with the notice of the AGM, is despatched to shareholders at least 14 days before the AGM. Separate resolutions on each substantially separate issue are proposed at general meetings for approval. "Bundling" of resolutions is kept to a minimum and is done only where the resolutions are interdependent so as to form one significant proposal and only where there are reasons and material implications involved.

The Articles of Association of the Company allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The Company records minutes of all AGMs. These are available to shareholders upon request.

At the Company's AGM, shareholders are given the opportunity to voice their views and ask directors or Management questions regarding the Company. The chairmen of the AC, RC and NC and the external auditor will normally be present at the AGM and other general meetings of shareholders to assist the Board in addressing shareholders' questions.

The Company has introduced the system of voting by poll and the results of each resolution put to vote at the AGM are announced with details of the percentage voting in favour and against.

## **CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

Currently, the Group does not have in place CSR policies or practices. However, the Group will consider ad-hoc practices when it arises.

The Group believes in giving back to the community. Each year the Group makes direct donations to charities in support of various social causes to help the less fortunate. In FY2015, RM29,000 in cash donations was made by the Group.

## **DEALINGS IN SECURITIES**

In compliance with the best practices introduced by the SGX-ST, the Company has devised its own internal compliance code to provide guidance to its officers. Directors and employees of the Company are advised not to deal in the Company's shares on short term considerations or when they are in the possession of unpublished price-sensitive information. The Company prohibits dealings in its shares by its officers and employees during the period commencing one month before the announcement of the Company's full year results or two weeks before the Company's quarterly and half-year results and ending on the date of the announcement of the results.

## **MATERIAL CONTRACTS**

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders that subsisted at the end of the financial year or had been entered into since the end of the previous financial year except for a sale and purchase agreement entered into on 4 July 2014 with Mr Heng Aik Koon for the disposal of the entire issued and paid-up capital of HMSC for a cash consideration of RM10.7 million (the “Proposed HMSC Disposal”).

## **RISK MANAGEMENT AND PROCESSES**

The Company does not have a Risk Management Committee. However, Management regularly reviews the Group's business and operational activities to identify areas involving significant business risks as well as appropriate measures to control and mitigate such risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

## **INTERESTED PERSON TRANSACTIONS**

The Group has adopted an internal policy in respect of any transaction with interested parties within the definition of Chapter 9 of the Listing Manual and it has set out procedures to review and approve all interested person transactions.

The AC met quarterly to review interested person transactions, if any.

There were no interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual.

Excluding transactions of less than S\$100,000, there were no interested person transactions during the financial year under review except for the Proposed HMSC Disposal, which constitutes an interested person transaction pursuant to Chapter 9 of the Listing Manual, as Mr Heng Aik Koon is a director of the Company.

## SPONSORSHIP

The Company is currently under the SGX-ST Catalist sponsor-supervised regime. The continuing sponsor of the Company is Stamford Corporate Services Pte Ltd ("SCSPL").

For the financial year ended 30 June 2015, the Sponsor did not provide any other non-sponsor services to the Company and no non-sponsor fees were paid during the financial year. However, Morgan Lewis Stamford, which is an affiliate of SCSPL, was paid an amount of S\$106,000 for legal services provided to the Company for the financial year ended 30 June 2015.

## UTILISATION OF PROCEEDS

### A. Rights cum warrants issue completed on 7 May 2014 ("2014 Rights cum Warrants Issue")

On 7 May 2014, the Company issued 715,210,185 new ordinary shares at S\$0.02 per share pursuant to the 2014 Rights cum Warrants Issue. The status in terms of utilisation of proceeds was as follows:

| Use of Proceeds  | Actual utilisation<br>S\$'000 | As a percentage of gross<br>proceeds (%) | Proposed utilisation<br>ratio (%) |
|--|-------------------------------|--|-----------------------------------|
| Defraying costs and expenses arising from the proposed acquisition of Coeur Gold Armenia Ltd | 976                           | 6.8                                      | 30-70*                            |
| Funding growth and expansion   | -                             | -  | 10-30*                            |
| General working capital  | 2,462                         | 17.2                                     | 10-30*                            |
| Share issue expenses   | 265                           | 1.8                                      |                                   |
| <b>Total</b>   | <b>3,703</b>                  | <b>25.8</b>                              |                                   |

Note:

\* The proposed utilisation ratio as a percentage of net proceeds, after deducting all share issue expenses.

With respect to the S\$2,462,000 used for general working capital, the breakdown was as follows:

| General working capital – Purpose of utilisation        | Percentage Utilised (%) |
|---|-------------------------|
| Payment of employee compensation and directors' fees    | 48.5                    |
| Payment of office overheads                             | 24.3                    |
| Payment of professional fees and other compliance costs | 10.6                    |
| Payment to suppliers                                    | 16.6                    |
| <b>Total</b>  | <b>100.0</b>            |

The use of proceeds is in accordance with the stated use.

### B. Proceeds from exercise of 2014 Warrants

As at 30 June 2015, a total of 347,759,219 of the 2014 Warrants had been exercised and S\$6,955,184 has been received by the Group. Of this amount, \$2,000,000 was utilised for investment in available-for-sale financial assets.

### C. Proceeds from exercise of Introducer (MOU) Warrants

As at 30 June 2015, 12,500,000 Introducer (MOU) Warrants had been exercised and S\$1,559,000 has been received by the Group. The Group has not utilised the proceeds as at 30 June 2015.

# DIRECTORS' REPORT

For the financial year ended 30 June 2015

The directors are pleased to present their report to the members together with the audited financial statements of the Group for the financial year ended 30 June 2015 and the balance sheet of the Company as at 30 June 2015.

## Directors

The directors of the Company in office at the date of this report are as follows:

Dato' Dr Choo Yeow Ming  
 Ir. Heng Aik Koon  
 Faizal Bin Ahmad Stalin  
 Hano Maeloa  
 Dr Lam Lee G.  
 Chew Soo Lin  
 Yap Siean Sin  
 Lee Keng Mun

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

| Company  | Holdings registered in<br>name of director or nominee |             | Holdings in which the director are<br>deemed to have an interest |            |
|--|---|-------------|--|------------|
|  | At 1.7.14   | At 30.6.15  | At 1.7.14  | At 30.6.15 |
| <i>(No. of ordinary shares)</i>                |   |             |  |            |
| Dato' Dr Choo Yeow Ming                        | 102,013,844   | 201,881,844 | 22,795,000   | 37,795,000 |
| Ir. Heng Aik Koon                              | 24,266,052  | 24,266,052  | -  | -          |
| Faizal Bin Ahmad Stalin                        | 46,806,000  | 46,806,000  | -  | -          |
| Hano Maeloa                                    | 92,372,718  | 102,372,718 | -  | -          |
| Chew Soo Lin                                   | 1,200,036   | 1,200,036   | -  | -          |
| <i>(No. of warrants expiring 16 July 2018)</i> |   |             |  |            |
| Dato' Dr Choo Yeow Ming                        | -   | -           | -  | 140,700    |
| <i>(No. of warrants expiring 6 May 2019)</i>   |   |             |  |            |
| Dato' Dr Choo Yeow Ming                        | -   | -           | 17,575,000   | 22,890,800 |
| Ir. Heng Aik Koon                              | 20,221,710  | 20,221,710  | -  | -          |
| Faizal Bin Ahmad Stalin                        | 39,005,000  | 5,000       | -  | -          |
| Hano Maeloa                                    | 76,977,265  | 76,977,265  | -  | -          |
| Chew Soo Lin                                   | 2,200,030   | 2,200,030   | -  | -          |

# DIRECTORS' REPORT

**For the financial year ended 30 June 2015**

## **Directors' interests in shares or debentures** (continued)

- (b) The directors' interests in the ordinary shares and warrants of the Company as at 21 July 2015 were the same as those as at 30 June 2015.

## **Directors' contractual benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report.

## **Share options**

There were no options granted during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares of the Company under option at the end of the financial year.

## **Audit Committee**

The members of the Audit Committee ("AC") at the end of the financial year and at the date of this report are as follows:

Yap Siew Sin (Chairman)  
Dr Lam Lee G.  
Chew Soo Lin

All members of the AC were independent non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, including the following:

- reviews the audit plans of the internal and independent auditor of the Company and the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Company's management to the internal and independent auditor;
- reviews the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Company before their submission to the Board of Directors;
- reviews the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- meets with the independent auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- reviews the independence and objectivity of the independent auditor;

# DIRECTORS' REPORT

For the financial year ended 30 June 2015

## Audit Committee (continued)

- reviews the nature and extent of non-audit services (if any) provided by the independent auditor;
- recommends to the Board of Directors the nomination of independent auditor and terms of engagement including remuneration and scope of audit;
- reviews the results of the audit performed by the independent auditor;
- reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual (Section B: Rules of Catalist).

The AC convened four meetings during the financial year. The AC has also met with the internal and independent auditor, without the presence of the Company's management, at least once a year.

The AC has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

## Independent Auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
**Dato' Dr Choo Yeow Ming**  
Director

.....  
**Lee Keng Mun**  
Director

6 October 2015



# STATEMENT BY DIRECTORS

**For the financial year ended 30 June 2015**

We, Dato' Dr Choo Yeow Ming and Lee Keng Mun, being two of the Directors of Asia-Pacific Strategic Investments Limited (the "Company"), do hereby state that, in the opinion of the directors:

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 34 to 83 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 30 June 2015 and of the financial performance of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the directors

.....  
**Dato' Dr Choo Yeow Ming**  
Director

.....  
**Lee Keng Mun**  
Director

**6 October 2015**

# INDEPENDENT AUDITOR'S REPORT

## to the Members of Asia-Pacific Strategic Investments Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Asia-Pacific Strategic Investments Limited (the "Company") and its subsidiaries (the "Group") set out on pages 34 to 83, which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

## to the Members of Asia-Pacific Strategic Investments Limited

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

***Nexia TS Public Accounting Corporation***  
*Public Accountants and Chartered Accountants*  
*Director-in-charge: Kristin YS Kim*  
*Appointed since financial year ended 30 June 2014*

**Singapore**

**6 October 2015**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

|  | Note  | 2015<br>RM'000 | 2014<br>RM'000 |
|--|-------|----------------|----------------|
| <b>Continuing operations</b>   |       |                |                |
| Revenue  | 4     | 193            | 189            |
| Cost of sales  |       | -              | -              |
| Gross profit   |       | 193            | 189            |
| Other gains, net   | 5     | 3,847          | 560            |
| Expenses   |       |                |                |
| - General and administrative   | 6     | (6,229)        | (5,686)        |
| Loss before income tax   |       | (2,189)        | (4,937)        |
| Income tax expense   | 8     | (39)           | (33)           |
| <b>Loss from continuing operations</b>   |       | <b>(2,228)</b> | <b>(4,970)</b> |
| <b>Discontinued operations</b>   |       |                |                |
| Loss from discontinued operations - net  | 9(a)  | (3,729)        | (3,657)        |
| <b>Total loss</b>  |       | <b>(5,957)</b> | <b>(8,627)</b> |
| <b>Other comprehensive income</b>  |       |                |                |
| Items that may be reclassified subsequently to profit or loss:   |       |                |                |
| Available-for-sale financial assets  |       |                |                |
| - Fair value gains   |       | 1,382          | -              |
| <b>Other comprehensive income, net of tax</b>  |       | <b>1,382</b>   | <b>-</b>       |
| <b>Total comprehensive loss</b>  |       | <b>(4,575)</b> | <b>(8,627)</b> |
| <b>Loss per share from continuing and discontinued operations attributable to equity holders of the Company (RM sen per share)</b> |       |                |                |
| <b>Basic loss per share</b>  |       |                |                |
|  | 10(a) |                |                |
| From continuing operations   |       | (0.2)          | (1.2)          |
| From discontinued operations   |       | (0.3)          | (0.8)          |
| <b>Diluted loss per share*</b>   |       |                |                |
|  | 10(b) |                |                |
| From continuing operations   |       | -              | -              |
| From discontinued operations   |       | -              | -              |

\* Diluted loss per share is not presented as it is anti-dilutive.

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

as at 30 June 2015

|   | Note          | Group          |                | Company        |                |
|---|---------------|----------------|----------------|----------------|----------------|
|   |               | 2015<br>RM'000 | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000 |
| <b>ASSETS</b>   |               |                |                |                |                |
| <b>Current assets</b>   |               |                |                |                |                |
| Cash and bank balances  | 11            | 11,985         | 39,680         | 11,985         | 39,680         |
| Financial assets, at fair value through profit or loss                          | 12            | 34,874         | 25,584         | 34,874         | 25,584         |
| Other receivables   | 13            | 5,606          | 2,995          | 5,606          | 2,995          |
| Other current assets  | 14            | 311            | 346            | 311            | 346            |
|   |               | <u>52,776</u>  | <u>68,605</u>  | <u>52,776</u>  | <u>68,605</u>  |
| Assets of disposal group classified as held-for-sale                            | 9(c),<br>9(e) | 74,272         | 74,425         | 10,700         | 13,651         |
|   |               | <u>127,048</u> | <u>143,030</u> | <u>63,476</u>  | <u>82,256</u>  |
| <b>Non-current assets</b>   |               |                |                |                |                |
| Property, plant and equipment   | 16            | 64             | 93             | 64             | 93             |
| Available-for-sale financial assets   | 17            | 17,251         | -              | 17,251         | -              |
|   |               | <u>17,315</u>  | <u>93</u>      | <u>17,315</u>  | <u>93</u>      |
| <b>Total assets</b>   |               | <u>144,363</u> | <u>143,123</u> | <u>80,791</u>  | <u>82,349</u>  |
| <b>LIABILITIES</b>  |               |                |                |                |                |
| <b>Current liabilities</b>  |               |                |                |                |                |
| Other payables  | 18            | 190            | 456            | 190            | 456            |
| Bank overdraft  | 19            | -              | 17,803         | -              | 17,803         |
| Current income tax liabilities  | 8(b)          | 43             | 41             | 43             | 41             |
|   |               | <u>233</u>     | <u>18,300</u>  | <u>233</u>     | <u>18,300</u>  |
| Liabilities directly associated with disposal group classified as held-for-sale | 9(d)          | 27,574         | 26,097         | -              | -              |
|   |               | <u>27,807</u>  | <u>44,397</u>  | <u>233</u>     | <u>18,300</u>  |
| <b>Non-current liability</b>  |               |                |                |                |                |
| Other payable   | 18            | 10,579         | -              | 10,579         | -              |
| <b>Total liabilities</b>  |               | <u>38,386</u>  | <u>44,397</u>  | <u>10,812</u>  | <u>18,300</u>  |
| <b>Net assets</b>   |               | <u>105,977</u> | <u>98,726</u>  | <u>69,979</u>  | <u>64,049</u>  |
| <b>EQUITY</b>   |               |                |                |                |                |
| <b>Capital and reserves attributable to equity holders of the Company</b>       |               |                |                |                |                |
| Share capital   | 20            | 340,503        | 328,677        | 340,503        | 328,677        |
| Other reserves  | 21            | (200,172)      | (201,554)      | 1,382          | -              |
| Accumulated losses  |               | (34,354)       | (28,397)       | (271,906)      | (264,628)      |
| <b>Total equity</b>   |               | <u>105,977</u> | <u>98,726</u>  | <u>69,979</u>  | <u>64,049</u>  |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2015

|  |      | Share<br>capital<br>RM'000 | Attributable<br>Restructuring<br>reserve<br>RM'000 |
|--|------|----------------------------|--|
|  | Note |                            |  |
| <b>2015</b>  |      |                            |  |
| <b>Beginning of financial year</b>                               |      | <b>328,677</b>             | <b>(201,554)</b>                                   |
| Total comprehensive income/(loss)                                |      | -                          | -  |
| Issue of new ordinary shares pursuant to<br>exercise of warrants | 20   | 11,826                     | -  |
| <b>End of financial year</b>                                     |      | <b>340,503</b>             | <b>(201,554)</b>                                   |
| <b>2014</b>  |      |                            |  |
| Beginning of financial year                                      |      | 269,860                    | (201,554)  |
| Total comprehensive loss   |      | -                          | -  |
| Issuance of new ordinary shares                                  | 20   | 45,508                     | -  |
| Share issue expenses   | 20   | (1,064)                    | -  |
| Issue of new ordinary shares pursuant to<br>exercise of warrants | 20   | 14,373                     | -  |
| Expiration of warrants   |      | -                          | -  |
| Arising from deconsolidation of subsidiary                       |      | -                          | -  |
| End of financial year  |      | 328,677                    | (201,554)  |

*The accompanying notes form an integral part of these financial statements.*

## to equity holders of the Company

| <b>Warrant<br/>reserve</b><br>RM'000 | <b>Fair value<br/>reserve</b><br>RM'000 | <b>Foreign currency<br/>translation<br/>reserve</b><br>RM'000 | <b>Accumulated<br/>losses</b><br>RM'000 | <b>Total</b><br>RM'000 |
|--------------------------------------|---|---|---|------------------------|
| -                                    | -                                       | -   | <b>(28,397)</b>                         | <b>98,726</b>          |
| -                                    | 1,382                                   | -   | (5,957)                                 | (4,575)                |
| -                                    | -                                       | -   | -                                       | 11,826                 |
| <u>-</u>                             | <u><b>1,382</b></u>                     | <u>-</u>  | <u><b>(34,354)</b></u>                  | <u><b>105,977</b></u>  |
| 13,429                               | -                                       | 6   | (33,205)                                | 48,536                 |
| -                                    | -                                       | -   | (8,627)                                 | (8,627)                |
| -                                    | -                                       | -   | -                                       | 45,508                 |
| -                                    | -                                       | -   | -                                       | (1,064)                |
| -                                    | -                                       | -   | -                                       | 14,373                 |
| (13,429)                             | -                                       | -   | 13,429                                  | -                      |
| -                                    | -                                       | (6)   | 6                                       | -                      |
| <u>-</u>                             | <u>-</u>                                | <u>-</u>  | <u>(28,397)</u>                         | <u>98,726</u>          |

# CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2015

|   | Note | 2015<br>RM'000  | 2014<br>RM'000  |
|---|------|-----------------|-----------------|
| Total loss  |      | (5,957)         | (8,627)         |
| Adjustments for:  |      |                 |                 |
| - Income tax expense  | 8(a) | 39              | 6               |
| - Interest expense  |      | 134             | 192             |
| - Interest income   |      | (568)           | (444)           |
| - Depreciation of property, plant and equipment                         | 6    | 43              | 320             |
| - Property, plant and equipment written-off                             |      | 31              | -               |
| - Unrealised translation losses/(gains)                                 |      | 144             | (24)            |
|   |      | <u>(6,134)</u>  | <u>(8,577)</u>  |
| Change in working capital, net of effects from disposal of subsidiaries |      |                 |                 |
| - Trade and other receivables   |      | (2,409)         | (1,788)         |
| - Inventories and development expenditure                               |      | 4,170           | 498             |
| - Financial assets, at fair value through profit or loss                |      | (9,290)         | (25,584)        |
| - Other current assets  |      | 83              | 220             |
| - Trade and other payables  |      | 1,131           | 3,311           |
| Cash used in operations   |      | <u>(12,449)</u> | <u>(31,920)</u> |
| - Income tax (paid)/refunded, net                                       |      | (37)            | 225             |
| - Interest received   |      | 568             | 444             |
| <b>Net cash used in operating activities</b>                            |      | <u>(11,918)</u> | <u>(31,251)</u> |
| <b>Cash flows from investing activities</b>                             |      |                 |                 |
| - Additions to property, plant and equipment                            |      | (423)           | (1,724)         |
| - Purchase of available-for-sale financial assets                       |      | (5,290)         | -               |
| <b>Net cash used in investing activities</b>                            |      | <u>(5,713)</u>  | <u>(1,724)</u>  |
| <b>Cash flows from financing activities</b>                             |      |                 |                 |
| - Proceeds from issuance of new ordinary shares                         | 20   | -               | 45,508          |
| - Share issue expense   | 20   | -               | (1,064)         |
| - Proceeds from exercise of warrants                                    | 20   | 11,826          | 14,373          |
| - Increase in pledged short-term bank deposits                          |      | (698)           | (5,951)         |
| - Repayment of finance lease liabilities, net                           |      | (213)           | (79)            |
| - Interest paid   |      | (79)            | (155)           |
| <b>Net cash from financing activities</b>                               |      | <u>10,836</u>   | <u>52,632</u>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b>             |      | <b>(6,795)</b>  | 19,657          |
| Cash and cash equivalents at beginning of financial year                |      | 27,501          | 7,820           |
| Effects of currency translation on cash and cash equivalents            |      | (144)           | 24              |
| <b>Cash and cash equivalents at end of financial year</b>               | 11   | <u>20,562</u>   | <u>27,501</u>   |

The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

The financial statements of the Group and the Company for the financial year ended 30 June 2015 were authorised for issue in accordance with a resolution of directors on 6 October 2015.

### 1 General information

Asia-Pacific Strategic Investments Limited (the "Company") was incorporated as a public company limited by shares, in Singapore on 6 July 2006 and is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") on 31 August 2007.

The principal place of operation is at 1 Scotts Road, #20-07 Shaw Centre, Singapore 228208 and the registered office is at 8 Robinson Road #03-00 ASO Building, Singapore 048544.

The principal activity of the Company is that of investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are disclosed in Note 15.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) unless otherwise indicated.

#### ***Interpretations and amendments to published standards effective in 2015***

On 1 July 2014, the Group adopted the new or amended FRS and Interpretations to FRS (the "INT FRS") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial years except for the following:

#### *FRS 112 Disclosures of Interest in Other Entities*

The Group has adopted the above new FRS on 1 July 2014. The amendment is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 2 Summary of significant accounting policies (continued)

### 2.1 Basis of preparation (continued)

#### *FRS 112 Disclosures of Interest in Other Entities (continued)*

The Group has applied FRS 112 retrospectively in accordance with the transitional provisions (as amended subsequent to the issuance of FRS 112 in September 2011) in FRS 112 and amended for consolidation exceptions for 'investment entity' from 1 July 2014. The Group has incorporated the additional required disclosures into the financial statements.

### 2.2 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related costs can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

#### *Bereavement care services:*

#### (a) *Sale of burial plots/niches and columbarium niches*

Sale of burial plots/niches and columbarium niches is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally transfers when the goods are ready for delivery.

#### (b) *Sale of tombs*

Revenue from sale of tombs is recognised upon significant completion of each contract. Revenue from tombs construction which are in progress or not constructed as at balance sheet date are deferred and classified as 'deferred revenue' under 'trade and other payables'.

#### (c) *Sale of funeral packages*

Revenue from sale of funeral packages is recognised when the services are performed. Revenue from funeral packages where services have not been performed as at balance sheet date are deferred and classified as 'deferred revenue' under 'trade and other payables'.

#### *Other revenue:*

#### (d) *Management fee income*

Management fee income is recognised on a time apportioned basis.

#### (e) *Maintenance fee income*

Maintenance fee income is recognised when the service is performed.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.2 Revenue recognition (continued)

##### *Other revenue:* (continued)

##### (f) *Interest income*

*Interest income including income arising from other financial instruments, is recognised using the effective interest method.*

##### (g) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

#### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions. Government grants relating to expenses are shown separately as other gains.

#### 2.4 Group accounting

##### (a) *Subsidiaries*

##### (i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on which control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary's net results of operations and its net assets which is attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

##### (ii) *Acquisitions*

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The acquisitions of these subsidiaries by the Company were pursuant to the restructuring exercise in connection with the introduction of the Company to the official list of the SGX-ST as described in the Introductory Document of the Company dated 27 June 2007.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 2 Summary of significant accounting policies (continued)

### 2.4 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (ii) Acquisitions (continued)

The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements. Any difference between the amount recorded as share capital issued and the amount recorded for the share capital acquired is adjusted against equity as restructuring reserve.

Apart from the above, acquisitions of subsidiaries are accounted for by applying the acquisition method.

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.4 Group accounting (continued)

##### (b) *Transactions with non-controlling interests*

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

#### 2.5 Property, plant and equipment

##### (a) *Measurement*

All items of property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

##### (b) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

##### (c) *Depreciation*

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

|  | <u>Useful lives</u> |
|--|---------------------|
| Renovation                               | 5 - 10 years        |
| Office equipment, furniture and fittings | 5 - 10 years        |
| Motor vehicles                           | 5 - 10 years        |

No depreciation is provided on construction-in-progress.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

##### (d) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.5 Property, plant and equipment (continued)

##### (e) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained earnings directly.

#### 2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

#### 2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### 2.8 Impairment of non-financial assets

##### *Property, plant and equipment Investments in subsidiaries*

Property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the Group's cash-generating-units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as revaluation decrease.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.9 Financial assets

##### (a) Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

##### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "other receivables" (Note 13) and "cash and bank balances" (Note 11) on the balance sheet.

##### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the balance sheet date.

##### (b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 2 Summary of significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) *Subsequent measurement*

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

#### (e) *Impairment*

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

##### (i) *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.9 Financial assets (continued)

##### (e) Impairment (continued)

##### (ii) Available-for-sale financial assets

In addition to the objective evidence of impairment described in Note 2.9(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was previously recognised in other comprehensive income is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

#### 2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

#### 2.11 Financial guarantees

The Company has issued corporate guarantees to a bank for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the bank if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

#### 2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 2 Summary of significant accounting policies (continued)

### 2.13 Fair value estimation of financial assets and liabilities

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The carrying amounts of current financial assets and liabilities carried at amortised cost approximate their fair values.

### 2.14 Leases

*When the Group is the lessee:*

The Group leases motor vehicles under finance and operating leases and offices under operating leases from non-related parties.

#### (a) Lessee – Finance leases

Leases where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

#### (b) Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

### 2.15 Inventories and development expenditure

(a) Inventories are valued at the lower of cost and net realisable value. In general, cost is determined on a first-in, first-out basis and includes all costs in bringing the inventories to their present location and condition.

(b) Land under development for interment purposes are valued at the lower of cost and net realisable value. Land costs consist of cost of the land plus incidental expenses incurred in bringing the land to the present condition.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.15 Inventories and development expenditure (continued)

- (c) Development expenditure is stated at cost and consists of all direct construction costs and appropriate development overheads.

Net realisable value is the estimated price at which the inventories can be realised in the normal course of business after allowing for the cost of realisation and where appropriate, the cost of conversion from their existing state to a finished condition.

#### 2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### 2.17 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 2 Summary of significant accounting policies (continued)

### 2.17 Provisions for other liabilities and charges (continued)

Where the effect of the time value of money is material, provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arises.

### 2.18 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund and the Malaysian Employees Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

### 2.19 Currency translation

#### *(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company.

#### *(b) Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any borrowings forming part of the net investment of the foreign operation are repaid, a proportionate share of the accumulated translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement within "finance cost". All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "other gains, net".

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.19 Currency translation (continued)

##### (b) Transactions and balances (continued)

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

##### (c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

#### 2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

#### 2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet.

#### 2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

#### 2.23 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 2 Summary of significant accounting policies (continued)

#### 2.24 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (i) represents a separate major line of business or geographical area of operations; or
- (ii) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (iii) is a subsidiary acquired exclusively with a view to resale.

### 3 Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### 3.1 Income taxes

The Group is subjected to income taxes in Singapore and Malaysia. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made. The carrying amount of income tax liabilities is disclosed in Note 8.

#### 3.2 Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 3 Critical accounting estimates, assumptions and judgements (continued)

#### 3.2 Impairment of loans and receivables (continued)

If the net present values of estimated cash flows had been higher/lower by 10% from management's estimates for all past due loans and receivables, the allowance for impairment of the Group would have been lower/higher by RM219,000 (2014: RM211,000).

#### 3.3 Classification of available-for-sale financial assets

Available-for-sale financial assets consists of a 22.3% equity interest in Silvermane Investments Limited ("Silvermane"). The Company classified the investment in Silvermane as available-for-sale financial assets, after reassessment by the management of the Company it was concluded that the Company does not have significant influence over Silvermane. As such, the investment in Silvermane does not meet the requirements as an associate company in accordance with FRS28 *Investments in Associates and Joint Venture*.

#### 3.4 Fair value estimation of unquoted equity securities classified as available-for-sale financial assets

The Group holds available-for-sale financial assets that are not traded in an active market with a carrying amount of RM17,251,000. The Group has used discounted cash flow analysis to determine the fair value of these financial assets. Please refer Note 24(e) for further details and the sensitivity analysis.

### 4 Revenue

|                | Group          |                |
|----------------|----------------|----------------|
|                | 2015<br>RM'000 | 2014<br>RM'000 |
| Management fee | <u>193</u>     | <u>189</u>     |

### 5 Other gains, net

|  | Group          |                |
|--|----------------|----------------|
|  | 2015<br>RM'000 | 2014<br>RM'000 |
| Foreign exchange gains, net  | 1,500          | 239            |
| Government grant   | 6              | 36             |
| Fair value (loss)/gain on financial assets, at fair value through profit or loss | (2,497)        | 145            |
| Gain on disposal of financial assets, at fair value through profit or loss       | 2,791          | 140            |
| Dividend income  | 2,047          | -              |
|  | <u>3,847</u>   | <u>560</u>     |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 6 General and administrative expenses

|   | <u>Group</u>   |                |
|---|----------------|----------------|
|   | 2015<br>RM'000 | 2014<br>RM'000 |
| Fees on audit services paid/payable to:                 |                |                |
| - Auditor of the Company                                | 112            | 167            |
| Fees on non-audit services paid/payable to:             |                |                |
| - Auditor of the Company                                | -              | 15             |
| - Other auditor   | 60             | 55             |
| Depreciation of property, plant and equipment (Note 16) | 43             | 40             |
| Employee compensation (Note 7)                          | 2,751          | 2,604          |
| Motor vehicle rental expense on operating lease         | 242            | 222            |
| Office rental expense on operating lease                | 894            | 872            |
| Professional fees                                       | 275            | 781            |
| Sponsor fees  | 289            | 285            |
| Others  | 1,563          | 645            |
|   | <u>6,229</u>   | <u>5,686</u>   |

## 7 Employee compensation

|  | <u>Group</u>   |                |
|--|----------------|----------------|
|  | 2015<br>RM'000 | 2014<br>RM'000 |
| Wages and salaries                                     | 7,176          | 6,542          |
| Employer's contribution to defined contributions plans | 802            | 629            |
| Other short-term benefits                              | 880            | 658            |
|  | <u>8,858</u>   | <u>7,829</u>   |
| Less: Amounts attributable to discontinued operations  | (6,107)        | (5,225)        |
| Amounts attributable to continuing operations (Note 6) | <u>2,751</u>   | <u>2,604</u>   |



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 8 Income tax

#### (a) Income tax expense

|  | <u>Group</u>   |                |
|--|----------------|----------------|
|  | 2015<br>RM'000 | 2014<br>RM'000 |
| Tax expense attributable to loss is made up of:                                |                |                |
| - Loss from current financial year<br><i>From continuing operations</i>        |                |                |
| Current income tax   |                |                |
| - Singapore  | 42             | 36             |
|  | <u>42</u>      | <u>36</u>      |
| - Over provision in prior financial years<br><i>From continuing operations</i> |                |                |
| Current income tax   | (3)            | (3)            |
| <i>From discontinued operations</i>  |                |                |
| Current income tax   | -              | (27)           |
|  | <u>39</u>      | <u>6</u>       |
| Tax expense is attributable to:  |                |                |
| - continuing operations  | 39             | 33             |
| - discontinued operations (Note 9(a))  | -              | (27)           |
|  | <u>39</u>      | <u>6</u>       |

The tax on the Group's results before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

|  | <u>Group</u>   |                |
|--|----------------|----------------|
|  | 2015<br>RM'000 | 2014<br>RM'000 |
| Loss before income tax from:   |                |                |
| - continuing operations  | (2,189)        | (4,937)        |
| - discontinued operations (Note 9(a))  | (3,729)        | (3,684)        |
|  | <u>(5,918)</u> | <u>(8,621)</u> |
| Tax calculated at the domestic tax rates applicable to<br>profit or loss in the countries where the Group operates | (1,304)        | (1,764)        |
| Effects of:  |                |                |
| - expenses not deductible for tax purposes   | 402            | 471            |
| - income not subject to tax  | (977)          | (210)          |
| - partial tax exemption and tax relief   | (79)           | (19)           |
| - utilisation of previously unrecognised tax losses  | (33)           | -              |
| - utilisation of capital allowance   | (3)            | -              |
| - deferred tax assets not recognised   | 2,036          | 1,558          |
| - overprovision in respect of prior years  | (3)            | (30)           |
| Income tax expense recognised in profit or loss  | <u>39</u>      | <u>6</u>       |

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 8 Income tax (continued)

### (a) Income tax expense (continued)

The Singapore corporate tax rate was 17% for the financial years 2014 and 2015.

The Malaysia corporate tax rate was 25% for the financial years 2014 and 2015.

### (b) Movement in current income tax liabilities/(recoverable)

|   | <u>Group</u>          |                | <u>Company</u>        |                |
|---|-----------------------|----------------|-----------------------|----------------|
|   | <b>2015</b><br>RM'000 | 2014<br>RM'000 | <b>2015</b><br>RM'000 | 2014<br>RM'000 |
| Beginning of financial year             | <b>41</b>             | (190)          | <b>41</b>             | 16             |
| Income tax paid                         | <b>(37)</b>           | (11)           | <b>(37)</b>           | (11)           |
| Income tax expense                      | <b>42</b>             | 36             | <b>42</b>             | 36             |
| Income tax refunded                     | -                     | 236            | -                     | 3              |
| Over provision in prior financial years | <b>(3)</b>            | (30)           | <b>(3)</b>            | (3)            |
| End of financial year                   | <u><b>43</b></u>      | <u>41</u>      | <u><b>43</b></u>      | <u>41</u>      |
| Represent:                              |                       |                |                       |                |
| - Current income tax liabilities        | <u><b>43</b></u>      | <u>41</u>      | <u><b>43</b></u>      | <u>41</u>      |

### (c) Deferred income taxes

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of RM46,850,000 (2014: RM32,811,000) and capital allowances of RM1,902,000 (2014: RM1,657,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses and capital allowances have no expiry date.

## 9 Discontinued operations and disposal group classified as held-for-sale

As announced on 4 July 2014, the Company entered into a conditional share purchase agreement (the "SPA") with Heng Aik Koon (the "Purchaser") for the sale of the entire issued and paid-up capital of HMS Capital Sdn Bhd ("HMSC"), a wholly-owned subsidiary of the Company, for a cash consideration of RM10,700,000 ("Proposed Disposal"). The Proposed Disposal is subject to the approval of the shareholders at an extraordinary general meeting to be convened.

On 30 June 2015, a board resolution was passed to continue to classify HMSC as disposal group classified as held-for-sale.

In compliance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations*, the entire assets and liabilities of HMSC are classified as a disposal group held-for-sale on the consolidated balance sheet, and the entire results of HMSC are presented separately in the statement of comprehensive income as "Discontinued Operations".

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 9 Discontinued operations and disposal group classified as held-for-sale (continued)

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

|   | <u>Group</u>          |                       |
|---|-----------------------|-----------------------|
|   | 2015<br>RM'000        | 2014<br>RM'000        |
| Revenue   | 15,060                | 14,089                |
| Cost of sales   | <u>(5,415)</u>        | <u>(7,347)</u>        |
| Gross profit  | 9,645                 | 6,742                 |
| Other losses, net   | (3,197)               | (1,240)               |
| Expenses  | (10,043)              | (8,994)               |
| Finance expense   | <u>(134)</u>          | <u>(192)</u>          |
| Loss before tax from discontinued operations                  | (3,729)               | (3,684)               |
| Income tax credit (Note 8(a))                                 | -                     | 27                    |
| Net loss from discontinued operations                         | <u><u>(3,729)</u></u> | <u><u>(3,657)</u></u> |
| Loss attributable to equity holders of the Company relates to |                       |                       |
| - Loss from continuing operations                             | (2,228)               | (4,970)               |
| - Loss from discontinued operations                           | <u>(3,729)</u>        | <u>(3,657)</u>        |
| Total   | <u><u>(5,957)</u></u> | <u><u>(8,627)</u></u> |

(b) The impact of the discontinued operations on the cash flows of the Group is as follows:

|                               | <u>Group</u>      |                       |
|-------------------------------|-------------------|-----------------------|
|                               | 2015<br>RM'000    | 2014<br>RM'000        |
| Operating cash inflows        | 2,398             | 1,845                 |
| Investing cash outflows       | (409)             | (1,724)               |
| Financing cash outflows       | <u>(990)</u>      | <u>(6,185)</u>        |
| Total cash inflows/(outflows) | <u><u>999</u></u> | <u><u>(6,064)</u></u> |

(c) Details of assets in disposal group classified as held-for-sale are as follows:

|   | <u>Group</u>         |                      |
|---|----------------------|----------------------|
|   | 2015<br>RM'000       | 2014<br>RM'000       |
| Cash and bank balances                  | 23,113               | 19,462               |
| Trade and other receivables             | 6,475                | 6,732                |
| Inventories and development expenditure | 40,668               | 44,838               |
| Other current assets                    | 204                  | 251                  |
| Property, plant and equipment           | <u>3,812</u>         | <u>3,142</u>         |
|   | <u><u>74,272</u></u> | <u><u>74,425</u></u> |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 9 Discontinued operations and disposal group classified as held-for-sale (continued)

(d) Details of liabilities directly associated with disposal group classified as held-for-sale are as follows:

|                          | <u>Group</u>   |                |
|--------------------------|----------------|----------------|
|                          | 2015<br>RM'000 | 2014<br>RM'000 |
| Trade and other payables | 27,311         | 25,913         |
| Borrowings               | 263            | 184            |
|                          | <u>27,574</u>  | <u>26,097</u>  |

(e) Details of assets classified as held-for-sale are as follows:

|  | <u>Company</u> |                |
|--|----------------|----------------|
|  | 2015<br>RM'000 | 2014<br>RM'000 |
| Investments in subsidiaries (Note 15)          |                |                |
| Unquoted equity investments, at cost           | 278,783        | 278,783        |
| Less: Accumulated impairment                   | (268,083)      | (268,083)      |
| Net book value                                 | 10,700         | 10,700         |
| Non-trade amounts due from subsidiaries        | 9,627          | 57,194         |
| Less: Allowance for impairment                 | (9,627)        | -              |
| Capitalisation of amount due from subsidiaries | -              | (54,243)       |
| Non-trade amounts due from subsidiaries – net  | -              | 2,951          |
|  | <u>10,700</u>  | <u>13,651</u>  |

### 10 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

|  | <u>Continuing operations</u> |                | <u>Discontinued operations</u> |                | <u>Total</u>     |                |
|--|------------------------------|----------------|--------------------------------|----------------|------------------|----------------|
|  | 2015                         | 2014           | 2015                           | 2014           | 2015             | 2014           |
| Net loss attributable to equity holders of the Company (RM'000)                        | <u>(2,228)</u>               | <u>(4,970)</u> | <u>(3,729)</u>                 | <u>(3,657)</u> | <u>(5,957)</u>   | <u>(8,627)</u> |
| Weighted average number of ordinary shares outstanding for basic loss per share ('000) | <u>1,175,196</u>             | <u>433,733</u> | <u>1,175,196</u>               | <u>433,733</u> | <u>1,175,196</u> | <u>433,733</u> |
| Basic loss per share (RM sen per share)  | <u>(0.2)</u>                 | <u>(1.2)</u>   | <u>(0.3)</u>                   | <u>(0.8)</u>   | <u>(0.5)</u>     | <u>(2.0)</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 10 Loss per share (continued)

#### (b) Diluted loss per share

The Company's dilutive potential ordinary shares are the warrants. However, no diluted loss per share was presented as the exercise of the warrants is anti-dilutive.

### 11 Cash and bank balances

|                          | <u>Group and Company</u> |               |
|--------------------------|--------------------------|---------------|
|                          | <b>2015</b>              | 2014          |
|                          | <b>RM'000</b>            | RM'000        |
| Cash at bank and on hand | <b>11,985</b>            | 8,152         |
| Short-term bank deposits | -                        | 31,528        |
|                          | <u><b>11,985</b></u>     | <u>39,680</u> |

For the purpose of presenting the consolidated statement of cash flow, cash and cash equivalents comprise the following:

|  | <u>Group</u>         |               |
|--|----------------------|---------------|
|  | <b>2015</b>          | 2014          |
|  | <b>RM'000</b>        | RM'000        |
| <i>Continuing operations</i>                                       |                      |               |
| Cash and bank balances (as above)                                  | <b>11,985</b>        | 39,680        |
| Less: Bank overdraft (Note 19)                                     | -                    | (17,803)      |
|  | <u><b>11,985</b></u> | <u>21,877</u> |
| <i>Discontinued operations</i>                                     |                      |               |
| Cash and bank balances (Note 9(c))                                 | <b>23,113</b>        | 19,462        |
| Less: Pledged short-term bank deposits                             | <b>(14,536)</b>      | (13,838)      |
|  | <u><b>8,577</b></u>  | <u>5,624</u>  |
| Cash and cash equivalents per consolidated statement of cash flows | <u><b>20,562</b></u> | <u>27,501</u> |

Short-term bank deposits are pledged in relation to the security granted for bank guarantee facility for a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 12 Financial assets, at fair value through profit or loss

|   | <u>Group and Company</u> |               |
|---|--------------------------|---------------|
|   | <b>2015</b>              | 2014          |
|   | <b>RM'000</b>            | RM'000        |
| <i>Held for trading</i>                                   |                          |               |
| United States of America                                  |                          |               |
| - SGD reverse convertible note due on 3 July 2014         | -                        | 7,687         |
| - SGD zero coupon equity linked note due on 1 August 2014 | -                        | 5,045         |
| - SGD equity linked note due on 1 August 2014             | -                        | 12,852        |
| Malaysia  |                          |               |
| - Listed equity securities                                | <b>34,874</b>            | -             |
|   | <b>34,874</b>            | <b>25,584</b> |

## 13 Other receivables

|                   | <u>Group and Company</u> |              |
|-------------------|--------------------------|--------------|
|                   | <b>2015</b>              | 2014         |
|                   | <b>RM'000</b>            | RM'000       |
| Other receivables | <b>5,606</b>             | <b>2,995</b> |

Other receivables pertain to loans to a non-related party for expenses incurred in producing the Australasian Joint Ore Reserves Committee ("JORC") report. The loan is unsecured, interest-free and repayable within 7 days upon termination or within 30 days upon completion of the report.

## 14 Other current assets

|                            | <u>Group and Company</u> |            |
|----------------------------|--------------------------|------------|
|                            | <b>2015</b>              | 2014       |
|                            | <b>RM'000</b>            | RM'000     |
| Deposits                   | <b>260</b>               | 258        |
| Prepaid operating expenses | <b>51</b>                | 88         |
|                            | <b>311</b>               | <b>346</b> |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 15 Investments in subsidiaries

The net book value of investments in subsidiaries is classified as assets held-for-sale (Note 9(e)).

Details of subsidiaries are as follows:

| <u>Name of company</u>                                   | <u>Principal activities</u>  | <u>Country of business/ incorporation</u> | <u>Effective equity holding</u> |                  |
|--|--|---|---------------------------------|------------------|
|  |  |   | <u>2015</u><br>%                | <u>2014</u><br>% |
| <i>Held by the Company</i>                               |  |   |                                 |                  |
| HMS Capital Sdn Bhd <sup>(1)(2)(3)</sup>                 | Investment holding, development and operator of bereavement business and project management consultancy  | Malaysia                                  | <b>100</b>                      | 100              |
| <i>Held by HMS Capital Sdn Bhd</i>                       |  |   |                                 |                  |
| Semenyih Memorial Hills Berhad <sup>(1)(2)(3)</sup>      | Sales agent of bereavement business and operation of cemeteries  | Malaysia                                  | <b>100</b>                      | 100              |
| Jing An Memorial Village Sdn Bhd <sup>(1)(2)(3)</sup>    | Provision of various bereavement services  | Malaysia                                  | <b>100</b>                      | 100              |
| SMH Construction Sdn Bhd <sup>(1)(2)(3)</sup>            | Development, construction and management of tomb, cemetery and related services                          | Malaysia                                  | <b>100</b>                      | 100              |
| SMH Bereavement Services Sdn Bhd <sup>(1)(2)(3)</sup>    | Provision of various bereavement services  | Malaysia                                  | <b>100</b>                      | 100              |
| U&U Memorial Marketing (KL) Sdn Bhd <sup>(1)(2)(3)</sup> | Dormant  | Malaysia                                  | <b>100</b>                      | 100              |
| SMH Park Management Sdn Bhd <sup>(1)(2)(3)</sup>         | Planning, operation, maintenance and management of cemetery grounds and related buildings and facilities | Malaysia                                  | <b>100</b>                      | 100              |

<sup>(1)</sup> Audited by Nexia TS Public Accounting Corporation, Singapore, an independent member firm of Nexia International, for consolidation purposes.

<sup>(2)</sup> Audited by GEP Associates, Malaysia (An independent member firm of AGN International Ltd). The board of directors and audit committee are satisfied that the appointment of GEP Associates as independent auditor of these subsidiaries would not compromise the standard and effectiveness of the audit of the Company and that Rule 716 of Section B of the Listing Manual of the SGX-ST has been complied with.

<sup>(3)</sup> On 4 July 2014, the Company entered into a conditional share purchase agreement for the sale of the entire issued and paid-up capital of HMS Capital Sdn Bhd. Since 30 June 2014, HMS Capital Sdn Bhd and its subsidiaries have been classified as discontinued operations and disposal group classified as held-for-sale (Note 9).

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 16 Property, plant and equipment

| <u>Group</u>                       | <u>Renovation</u><br>RM'000 | Office<br>equipment,<br>furniture<br>and fittings<br>RM'000 | Motor<br>vehicles<br>RM'000 | <u>Building</u><br>RM'000 | <u>Total</u><br>RM'000 |
|------------------------------------|-----------------------------|---|-----------------------------|---------------------------|------------------------|
| <b>2015</b>                        |                             |   |                             |                           |                        |
| <i>Cost</i>                        |                             |   |                             |                           |                        |
| Beginning of financial year        | -                           | 410   | -                           | -                         | 410                    |
| Additions                          | -                           | 14  | -                           | -                         | 14                     |
| End of financial year              | -                           | 424   | -                           | -                         | 424                    |
| <i>Accumulated depreciation</i>    |                             |   |                             |                           |                        |
| Beginning of financial year        | -                           | 317   | -                           | -                         | 317                    |
| Depreciation charge (Note 6)       | -                           | 43  | -                           | -                         | 43                     |
| End of financial year              | -                           | 360   | -                           | -                         | 360                    |
| <b>Net book value</b>              |                             |   |                             |                           |                        |
| <b>End of financial year</b>       | -                           | <b>64</b>   | -                           | -                         | <b>64</b>              |
| <b>2014</b>                        |                             |   |                             |                           |                        |
| <i>Cost</i>                        |                             |   |                             |                           |                        |
| Beginning of financial year        | 744                         | 1,522   | 1,016                       | 728                       | 4,010                  |
| Additions                          | -                           | 109   | -                           | 1,615                     | 1,724                  |
| Written-off                        | -                           | (52)  | -                           | -                         | (52)                   |
| Reclassification to disposal group | (744)                       | (1,169)   | (1,016)                     | (2,343)                   | (5,272)                |
| End of financial year              | -                           | 410   | -                           | -                         | 410                    |
| <i>Accumulated depreciation</i>    |                             |   |                             |                           |                        |
| Beginning of financial year        | 505                         | 901   | 773                         | -                         | 2,179                  |
| Depreciation charge                |                             |   |                             |                           |                        |
| - Continuing operations (Note 6)   | -                           | 40  | -                           | -                         | 40                     |
| - Discontinued operations          | 101                         | 109   | 70                          | -                         | 280                    |
| Written-off                        | -                           | (52)  | -                           | -                         | (52)                   |
| Reclassification to disposal group | (606)                       | (681)   | (843)                       | -                         | (2,130)                |
| End of financial year              | -                           | 317   | -                           | -                         | 317                    |
| <b>Net book value</b>              |                             |   |                             |                           |                        |
| <b>End of financial year</b>       | -                           | <b>93</b>   | -                           | -                         | <b>93</b>              |



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 16 Property, plant and equipment (continued)

|                                 | <u>Office equipment,<br/>furniture and fittings</u><br>RM'000 |                  |
|---------------------------------|---|------------------|
| <b>Company</b>                  |   |                  |
| <b>2015</b>                     |   |                  |
| <i>Cost</i>                     |   |                  |
| Beginning of financial year     |   | 410              |
| Additions                       |   | 14               |
| End of financial year           |   | <u>424</u>       |
| <i>Accumulated depreciation</i> |   |                  |
| Beginning of financial year     |   | 317              |
| Depreciation charge             |   | 43               |
| End of financial year           |   | <u>360</u>       |
| <b>Net book value</b>           |   |                  |
| <b>End of financial year</b>    |   | <b><u>64</u></b> |
| <b>2014</b>                     |   |                  |
| <i>Cost</i>                     |   |                  |
| Beginning of financial year     |   | 462              |
| Written-off                     |   | (52)             |
| End of financial year           |   | <u>410</u>       |
| <i>Accumulated depreciation</i> |   |                  |
| Beginning of financial year     |   | 329              |
| Depreciation charge             |   | 40               |
| Written-off                     |   | (52)             |
| End of financial year           |   | <u>317</u>       |
| <b>Net book value</b>           |   |                  |
| <b>End of financial year</b>    |   | <b><u>93</u></b> |

### 17 Available-for-sale financial assets

|  | <u>Group and Company</u> |                |
|--|--------------------------|----------------|
|  | 2015<br>RM'000           | 2014<br>RM'000 |
| Beginning of financial year  | -                        | -              |
| Additions  | 15,869                   | -              |
| Fair value gains recognised in other comprehensive<br>income (Note 21 (b)(ii)) | 1,382                    | -              |
| End of financial year  | <u>17,251</u>            | <u>-</u>       |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 17 Available-for-sale financial assets (continued)

Available-for-sale financial assets are analysed as follows:

|  | <u>Group and Company</u> |          |
|--|--------------------------|----------|
|  | <b>2015</b>              | 2014     |
|  | <b>RM'000</b>            | RM'000   |
| Unquoted equity securities – British Virgin Island | <u><b>17,251</b></u>     | <u>-</u> |

During the year, the Company acquired unquoted equity securities in a company incorporated in British Virgin Island for a consideration of RM15,869,000.

The fair value of unquoted equity securities is determined based on discounted cash flow analysis (Note 24(e)).

### 18 Other payables

|                            | <u>Group and Company</u> |            |
|----------------------------|--------------------------|------------|
|                            | <b>2015</b>              | 2014       |
|                            | <b>RM'000</b>            | RM'000     |
| <i>Current</i>             |                          |            |
| Other payables             | <b>43</b>                | 304        |
| Accrued operating expenses | <b>147</b>               | 152        |
|                            | <u><b>190</b></u>        | <u>456</u> |
| <i>Non-current</i>         |                          |            |
| Other payable              | <u><b>10,579</b></u>     | <u>-</u>   |

Non-current other payable represents provisions recognised by the Company on its constructive obligation arising from the acquisition of the available-for-sale financial assets.

### 19 Bank overdraft

|                          | <u>Group and Company</u> |               |
|--------------------------|--------------------------|---------------|
|                          | <b>2015</b>              | 2014          |
|                          | <b>RM'000</b>            | RM'000        |
| Bank overdraft (Note 11) | <u>-</u>                 | <u>17,803</u> |

The bank overdraft was short-term and bears insignificant interest. It is for payment of investment in financial assets, at fair value through profit or loss (Note 12). The amount was repaid from the short-term bank deposits (Note 11) during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 20 Share capital

| <u>Group and Company</u>    | <u>Number of<br/>ordinary shares</u><br>'000 | <u>Amount</u><br>RM'000 |
|-----------------------------|--|-------------------------|
| <b>2015</b>                 |  |                         |
| Beginning of financial year | 982,031                                      | 328,677                 |
| Shares issued               | <u>231,153</u>                               | <u>11,826</u>           |
| End of financial year       | <u><u>1,213,184</u></u>                      | <u><u>340,503*</u></u>  |
| <b>2014</b>                 |  |                         |
| Beginning of financial year | 69,341                                       | 269,860                 |
| Shares issued               | 912,690                                      | 59,881                  |
| Share issue expenses        | -  | (1,064)                 |
| End of financial year       | <u><u>982,031</u></u>                        | <u><u>328,677#</u></u>  |

\* Equivalent to approximately S\$146,634,000

# Equivalent to approximately S\$142,012,000

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

Subsequent to the balance sheet date, the issued capital of the Company was increased from 1,213,184,807 ordinary shares to 1,215,742,807 ordinary shares. The newly issued shares rank *pari passu* in all respects with the previously issued shares.

(a) Shares issued during the financial year

The Company issued in aggregate 231,153,443 new shares pursuant to the exercise of warrants:

- 170,675 new shares pursuant to the exercise of 170,675 2013 Warrants (as defined herein); and
- 230,982,768 new shares pursuant to the exercise of 230,982,768 2014 Warrants (as defined herein).

(b) Shares issued in prior financial year

(i) 2013 Rights cum Warrants Issue

On 7 May 2013, the Company announced that it would undertake a renounceable non-underwritten rights issue of up to 63,998,961 new ordinary shares in the capital of the Company ("2013 Rights Shares") at an issue price of S\$0.10 for each 2013 Rights Share, with up to 63,998,961 free detachable warrants ("2013 Warrants"), each 2013 Warrants carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.05 for each new share, on the basis of one 2013 Rights Share for every two existing ordinary shares held by the shareholders as at 21 June 2013, and one 2013 Warrants given for every one 2013 Rights Share subscribed ("2013 Rights cum Warrants Issue"). The 2013 Rights cum Warrants Issue was completed during the financial year with the listing and quotation of 34,670,447 2013 Rights Shares and 34,670,447 2013 Warrants on the SGX-ST on 18 July 2013 and 19 July 2013 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 20 Share capital (continued)

#### (b) Shares issued in prior financial year (continued)

##### (ii) 2014 Rights cum Warrants Issue

On 27 November 2013, the Company announced that it would undertake a renounceable non-underwritten rights issue of up to 1,095,335,350 new ordinary shares in the capital of the Company ("2014 Rights Shares") at an issue price of S\$0.02 for each 2014 Rights Share, with up to 1,095,335,350 free detachable warrants ("2014 Warrants"), each 2014 Warrants carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S\$0.02 for each new share, on the basis of five 2014 Rights Shares for every one existing ordinary share held by the shareholders as at 9 April 2014, and one 2014 Warrants given for every one 2014 Rights Share subscribed ("2014 Rights cum Warrants Issue"). The 2014 Rights cum Warrants Issue was completed during the financial year with the listing and quotation of 715,210,185 2014 Rights Shares and 715,210,185 2014 Warrants on the SGX-ST on 8 May 2014 and 9 May 2014 respectively.

##### (iii) Exercise of warrants

The Company issued in aggregate 162,809,837 new shares pursuant to the exercise of warrants:

- 12 new shares pursuant to the exercise of 12 2009 Warrants;
- 33,533,374 new shares pursuant to the exercise of 33,533,374 2013 Warrants;
- 12,500,000 new shares pursuant to the exercise of 12,500,000 Introducer (MOU) Warrants (as defined herein); and
- 116,776,451 new shares pursuant to the exercise of 116,776,451 2014 Warrants.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 20 Share capital (continued)

#### (c) Warrants

The Company has the following unexercised warrants during and at the end of the financial year:

|                           | Beginning of financial year | Issued during financial year | Adjustment during financial year | Lapsed during financial year | Exercised during financial year | End of financial year | Current exercise price S\$ | Expiry date |
|---------------------------|-----------------------------|------------------------------|----------------------------------|------------------------------|---------------------------------|-----------------------|----------------------------|-------------|
| <b>2015</b>               |                             |                              |                                  |                              |                                 |                       |                            |             |
| 2013 Warrants             | 4,709,704                   | -                            | -                                | -                            | (170,675)                       | 4,539,029             | 0.01                       | 16.07.18    |
| Introducer (MOU) Warrants | 15,740,300                  | -                            | -                                | (15,740,300)                 | -                               | -                     | 0.053                      | 09.12.14    |
| Introducer (SPA) Warrants | 68,220,900                  | -                            | -                                | -                            | -                               | 68,220,900            | 0.103                      | 20.03.17    |
| 2014 Warrants             | 598,433,734                 | -                            | -                                | -                            | (230,982,768)                   | 367,450,966           | 0.02                       | 06.05.19    |
|                           | <u>687,104,638</u>          | <u>-</u>                     | <u>-</u>                         | <u>(15,740,300)</u>          | <u>(231,153,443)</u>            | <u>440,210,895</u>    |                            |             |
| <b>2014</b>               |                             |                              |                                  |                              |                                 |                       |                            |             |
| 2009 Warrants             | 58,657,027                  | -                            | 228,223,198                      | (286,880,213)                | (12)                            | -                     | 0.30                       | 16.05.14    |
| 2013 Warrants             | -                           | 34,670,447                   | 3,572,631                        | -                            | (33,533,374)                    | 4,709,704             | 0.01                       | 16.07.18    |
| Introducer (MOU) Warrants | -                           | 11,000,000                   | 17,240,300                       | -                            | (12,500,000)                    | 15,740,300            | 0.053                      | 09.12.14    |
| Introducer (SPA) Warrants | -                           | 16,500,000                   | 51,720,900                       | -                            | -                               | 68,220,900            | 0.103                      | 20.03.17    |
| 2014 Warrants             | -                           | 715,210,185                  | -                                | -                            | (116,776,451)                   | 598,433,734           | 0.02                       | 06.05.19    |
|                           | <u>58,657,027</u>           | <u>777,380,632</u>           | <u>300,757,029</u>               | <u>(286,880,213)</u>         | <u>(162,809,837)</u>            | <u>687,104,638</u>    |                            |             |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 20 Share capital (continued)

### (c) Warrants (continued)

#### (i) 2013 Warrants

The Company had on 17 July 2013 issued 34,670,447 2013 Warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company, at an exercise price of S\$0.05 for each new share pursuant to the 2013 Rights cum Warrants Issue. The 2013 Warrants will expire on 16 July 2018.

As a result of the 2014 Rights cum Warrants Issue and pursuant to the deed poll, adjustments were made to the 2013 Warrants on 7 May 2014 such that:

- (a) an additional 3,572,631 warrants were issued to then existing holders of the 2013 Warrants such that the number of additional warrants issued was calculated on the basis of 3.1346 warrants for every 1 existing 2013 Warrant held by each warrant holder; and
- (b) the exercise price of each 2013 Warrant was adjusted from S\$0.05 to S\$0.01.

#### (ii) Introducer (MOU) Warrants

The Company had on 10 December 2013 issued 11,000,000 warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company, at an exercise price of S\$0.216 for each new share pursuant to a subscription agreement dated 4 November 2013 ("Introducer (MOU) Warrants"). The Introducer (MOU) Warrants expired on 9 December 2014.

As a result of the 2014 Rights cum Warrants Issue and pursuant to the deed poll, adjustments were made to the Introducer (MOU) Warrants on 7 May 2014 such that:

- (a) an additional 17,240,300 warrants were issued to then existing holders of the Introducer (MOU) Warrants such that the number of additional warrants issued was calculated on the basis of 3.1346 warrants for every 1 existing Introducer (MOU) Warrant held by each warrant holder; and
- (b) the exercise price of each Introducer (MOU) Warrant was adjusted from S\$0.216 to S\$0.053.

#### (iii) Introducer (SPA) Warrants

The Company had on 21 March 2014 issued 16,500,000 warrants, each warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company, at an exercise price of S\$0.423 for each new share pursuant to a subscription agreement dated 27 February 2014 ("Introducer (SPA) Warrants"). The Introducer (SPA) Warrants will expire on 20 March 2017.

As a result of the 2014 Rights cum Warrants Issue and pursuant to the deed poll, adjustments were made to the Introducer (SPA) Warrants on 7 May 2014 such that:

- (a) an additional 51,720,000 warrants were issued to then existing holders of the Introducer (SPA) Warrants such that the number of additional warrants issued was calculated on the basis of 3.1346 warrants for every 1 existing Introducer (SPA) Warrant held by each warrant holder; and
- (b) the exercise price of each Introducer (SPA) Warrant was adjusted from S\$0.423 to S\$0.103.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 20 Share capital (continued)

(c) Warrants (continued)

(iv) 2014 Warrants

The Company had on 8 May 2014 issued 715,210,185 2014 Warrants pursuant to the 2014 Rights cum Warrants Issue. The 2014 Warrants will expire on 6 May 2019.

### 21 Other reserves

|                                     | Group            |                  | Company        |                |
|-------------------------------------|------------------|------------------|----------------|----------------|
|                                     | 2015<br>RM'000   | 2014<br>RM'000   | 2015<br>RM'000 | 2014<br>RM'000 |
| (a) Composition:                    |                  |                  |                |                |
| Restructuring reserve               | (201,554)        | (201,554)        | -              | -              |
| Fair value reserve                  | 1,382            | -                | 1,382          | -              |
|                                     | <u>(200,172)</u> | <u>(201,554)</u> | <u>1,382</u>   | <u>-</u>       |
| (b) Movements:                      |                  |                  |                |                |
| <i>(i) Restructuring reserve</i>    |                  |                  |                |                |
| Beginning and end of financial year | <u>(201,554)</u> | <u>(201,554)</u> | <u>-</u>       | <u>-</u>       |
| <i>(ii) Fair value reserve</i>      |                  |                  |                |                |
| Beginning of financial year         | -                | -                | -              | -              |
| Available-for-sale financial assets |                  |                  |                |                |
| - Fair value gains (Note 17)        | 1,382            | -                | 1,382          | -              |
| End of financial year               | <u>1,382</u>     | <u>-</u>         | <u>1,382</u>   | <u>-</u>       |

Restructuring reserve represents the difference between the cost of investment and the nominal value of the share capital of the subsidiary acquired under common control.

Other reserves are non-distributable.

### 22 Commitments

Operating lease commitments – where the Group is a lessee

The Group leases offices from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

|                            | Group          |                |
|----------------------------|----------------|----------------|
|                            | 2015<br>RM'000 | 2014<br>RM'000 |
| Not later than one year    | 1,144          | 870            |
| Between one and five years | 1,137          | -              |
|                            | <u>2,281</u>   | <u>870</u>     |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 23 Contingent liabilities

As at 30 June 2015, the Company has corporate guarantees amounting to RM18,275,000 (2014: RM18,275,000) issued to banks for banking facilities of the Group's subsidiary.

The Company has evaluated the fair value of the corporate guarantees and is of the view that the consequential benefits derived from its guarantees to the banks with regards to the subsidiary is minimal.

### 24 Financial risk management

#### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from unpredictability of financial markets on the Group's financial performance. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

The Board of Directors and Audit Committee is responsible for setting the objectives and underlying principles of financial risk management for the Group and further provide oversight to the effectiveness of the risk management process. This includes establishing policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits, in accordance with the objectives and underlying principles approved by the Board of Directors.

(a) Market risk

(i) *Currency risk*

The Group operates in Asia with dominant operations in Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

Currency risk arises within the entities in the Group when transactions are denominated in foreign currencies such as the Singapore Dollar ("SGD") and United States Dollar ("USD"). To manage the currency risk, the Group relies on natural hedging as a risk management tool and does not enter into derivative foreign exchange contracts to hedge its foreign currency risk.



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:

|   | <u>RM</u><br>RM'000 | <u>SGD</u><br>RM'000 | <u>HKD</u><br>RM'000 | <u>USD</u><br>RM'000 | <u>Total</u><br>RM'000 |
|---|---------------------|----------------------|----------------------|----------------------|------------------------|
| <u>At 30 June 2015</u>  |                     |                      |                      |                      |                        |
| <b>Financial assets</b>   |                     |                      |                      |                      |                        |
| Cash and cash equivalents   | -                   | 9,629                | 5                    | 2,351                | 11,985                 |
| Financial assets, at fair value through profit or loss  | 34,874              | -                    | -                    | -                    | 34,874                 |
| Available-for-sale financial assets   | -                   | 17,251               | -                    | -                    | 17,251                 |
| Other receivables   | -                   | -                    | -                    | 5,606                | 5,606                  |
| Other current assets  | -                   | 260                  | -                    | -                    | 260                    |
|   | <u>34,874</u>       | <u>27,140</u>        | <u>5</u>             | <u>7,957</u>         | <u>69,976</u>          |
| <b>Financial liabilities</b>  |                     |                      |                      |                      |                        |
| Other payables  | -                   | (190)                | -                    | -                    | (190)                  |
|   | <u>34,874</u>       | <u>26,950</u>        | <u>5</u>             | <u>7,957</u>         | <u>69,786</u>          |
| Less: Net assets denominated in the functional currency   | <u>(34,874)</u>     | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>(34,874)</u>        |
| <b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b> | <u>-</u>            | <u>26,950</u>        | <u>5</u>             | <u>7,957</u>         | <u>34,912</u>          |

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 24 Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

The Group's currency exposure based on the information provided to key management is as follows:  
(continued)

|   | <u>RM</u> | <u>SGD</u>      | <u>HKD</u> | <u>USD</u>   | <u>Total</u>    |
|---|-----------|-----------------|------------|--------------|-----------------|
|   | RM'000    | RM'000          | RM'000     | RM'000       | RM'000          |
| <u>At 30 June 2014</u>  |           |                 |            |              |                 |
| <b>Financial assets</b>   |           |                 |            |              |                 |
| Cash and cash equivalents   | -         | 39,581          | 4          | 95           | 39,680          |
| Financial assets, at fair value through profit or loss  | -         | 25,584          | -          | -            | 25,584          |
| Trade and other receivables   | -         | -               | -          | 2,995        | 2,995           |
| Other current assets  | -         | 258             | -          | -            | 258             |
|   | <u>-</u>  | <u>65,423</u>   | <u>4</u>   | <u>3,090</u> | <u>68,517</u>   |
| <b>Financial liabilities</b>  |           |                 |            |              |                 |
| Other payables  | -         | (456)           | -          | -            | (456)           |
| Bank overdraft  | -         | (17,803)        | -          | -            | (17,803)        |
|   | <u>-</u>  | <u>(18,259)</u> | <u>-</u>   | <u>-</u>     | <u>(18,259)</u> |
| <b>Net financial assets</b>   | -         | 47,164          | 4          | 3,090        | 50,258          |
| Less: Net assets denominated in the functional currency   | <u>-</u>  | <u>-</u>        | <u>-</u>   | <u>-</u>     | <u>-</u>        |
| <b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b> | <u>-</u>  | <u>47,164</u>   | <u>4</u>   | <u>3,090</u> | <u>50,258</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

|  | <u>RM</u>       | <u>SGD</u>    | <u>HKD</u> | <u>USD</u>   | <u>Total</u>    |
|--|-----------------|---------------|------------|--------------|-----------------|
|  | RM'000          | RM'000        | RM'000     | RM'000       | RM'000          |
| <u>At 30 June 2015</u>   |                 |               |            |              |                 |
| <b>Financial assets</b>  |                 |               |            |              |                 |
| Cash and cash equivalents  | -               | 9,629         | 5          | 2,351        | 11,985          |
| Financial assets, at fair value through profit or loss   | 34,874          | -             | -          | -            | 34,874          |
| Available-for-sale financial assets  | -               | 17,251        | -          | -            | 17,251          |
| Other receivables  | -               | -             | -          | 5,606        | 5,606           |
| Other current assets   | -               | 260           | -          | -            | 260             |
|  | <u>34,874</u>   | <u>27,140</u> | <u>5</u>   | <u>7,957</u> | <u>69,976</u>   |
| <b>Financial liabilities</b>   |                 |               |            |              |                 |
| Other payables   | -               | (190)         | -          | -            | (190)           |
|  | <u>34,874</u>   | <u>26,950</u> | <u>5</u>   | <u>7,957</u> | <u>69,786</u>   |
| Less: Net assets denominated in the functional currency  | <u>(34,874)</u> | <u>-</u>      | <u>-</u>   | <u>-</u>     | <u>(34,874)</u> |
| <b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b> | <u>-</u>        | <u>26,950</u> | <u>5</u>   | <u>7,957</u> | <u>34,912</u>   |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows: (continued)

|  | <u>RM</u><br>RM'000 | <u>SGD</u><br>RM'000 | <u>HKD</u><br>RM'000 | <u>USD</u><br>RM'000 | <u>Total</u><br>RM'000 |
|--|---------------------|----------------------|----------------------|----------------------|------------------------|
| <u>At 30 June 2014</u>   |                     |                      |                      |                      |                        |
| <b>Financial assets</b>  |                     |                      |                      |                      |                        |
| Cash and cash equivalents  | -                   | 39,581               | 4                    | 95                   | 39,680                 |
| Financial assets, at fair value through profit or loss   | -                   | 25,584               | -                    | -                    | 25,584                 |
| Trade and other receivables  | -                   | -                    | -                    | 2,995                | 2,995                  |
| Other current assets   | -                   | 258                  | -                    | -                    | 258                    |
|  | <u>-</u>            | <u>65,423</u>        | <u>4</u>             | <u>3,090</u>         | <u>68,517</u>          |
| <b>Financial liabilities</b>   |                     |                      |                      |                      |                        |
| Other payables   | -                   | (456)                | -                    | -                    | (456)                  |
| Bank overdraft   | -                   | (17,803)             | -                    | -                    | (17,803)               |
|  | <u>-</u>            | <u>(18,259)</u>      | <u>-</u>             | <u>-</u>             | <u>(18,259)</u>        |
| <b>Net financial assets</b>  | -                   | 47,164               | 4                    | 3,090                | 50,258                 |
| Less: Net assets denominated in the Company's functional currency  | <u>-</u>            | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>               |
| <b>Currency exposure of financial assets net of those denominated in the Company's functional currency</b> | <u>-</u>            | <u>47,164</u>        | <u>4</u>             | <u>3,090</u>         | <u>50,258</u>          |

If the SGD and USD change against RM by 9% (2014: 2%) and 18% (2014: 1%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

| <u>Group</u>   | <b>2015</b><br>RM'000 | 2014<br>RM'000 |
|----------------|-----------------------|----------------|
| SGD against RM |                       |                |
| - Strengthened | <b>2,013</b>          | 783            |
| - Weakened     | <b>(2,013)</b>        | (783)          |
| USD against RM |                       |                |
| - Strengthened | <b>1,189</b>          | 26             |
| - Weakened     | <b>(1,189)</b>        | (26)           |

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

|                | 2015<br>RM'000 | 2014<br>RM'000 |
|----------------|----------------|----------------|
| <u>Company</u> |                |                |
| SGD against RM |                |                |
| - Strengthened | 2,013          | 783            |
| - Weakened     | <u>(2,013)</u> | <u>(783)</u>   |
| USD against RM |                |                |
| - Strengthened | 1,189          | 26             |
| - Weakened     | <u>(1,189)</u> | <u>(26)</u>    |

##### (ii) Price risk

The Group and the Company are exposed to the underlying equity securities price risk arising from the investments held by the Group and the Company which are classified in the balance sheets as financial assets, at fair value through profit or loss. These underlying securities are listed in Malaysia and the United States. To manage its price risk arising from investments in the securities, the Group and the Company diversified its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If price for the underlying equity securities listed in Malaysia and the United States has changed by 5% (2014: Nil%) and Nil% (2014: 15%) respectively with all other variables including tax rate being held constant, the effects on loss after tax would have been:

|                          | 2015<br>RM'000 | 2014<br>RM'000 |
|--------------------------|----------------|----------------|
| <u>Group and Company</u> |                |                |
| - Decreased by           | 1,744          | 96             |
| - Increased by           | <u>(1,744)</u> | <u>(1,056)</u> |

##### (iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest bearing assets and liabilities, the Group's income and expense are substantially independent of changes in market interest rates.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 24 Financial risk management (continued)

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are bank deposits, and financial assets, at fair value through profit or loss. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management at operating entity level based on on-going credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at operating entity level by the respective management.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheets, except as follows:

|  | <u>Company</u>       |               |
|--|----------------------|---------------|
|  | <b>2015</b>          | 2014          |
|  | <b>RM'000</b>        | RM'000        |
| Corporate guarantees provided to a bank on subsidiary's banking facilities | <b><u>18,275</u></b> | <u>18,275</u> |

#### *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

There is no other class of financial assets that is past due and/or impaired.

### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits as disclosed in Note 11.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents (Note 11) on the basis of expected cash flow. This is generally carried out at local level in the operating entities of the Group in accordance with the practice and limits set by the Group.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (c) Liquidity risk (continued)

|                        | Less than 1 year<br>RM'000 | 2 to 5 years<br>RM'000 | Over 5 years<br>RM'000 | Total<br>RM'000 |
|------------------------|----------------------------|------------------------|------------------------|-----------------|
| <u>Group</u>           |                            |                        |                        |                 |
| <b>At 30 June 2015</b> |                            |                        |                        |                 |
| Other payables         | 190                        | -                      | -                      | 190             |
| <b>At 30 June 2014</b> |                            |                        |                        |                 |
| Other payables         | 456                        | -                      | -                      | 456             |
| Bank overdraft         | 17,803                     | -                      | -                      | 17,803          |
|                        | 18,259                     | -                      | -                      | 18,259          |
| <u>Company</u>         |                            |                        |                        |                 |
| <b>At 30 June 2015</b> |                            |                        |                        |                 |
| Other payables         | 190                        | -                      | -                      | 190             |
| Financial guarantee    | 18,275                     | -                      | -                      | 18,275          |
|                        | 18,465                     | -                      | -                      | 18,465          |
| <b>At 30 June 2014</b> |                            |                        |                        |                 |
| Other payables         | 456                        | -                      | -                      | 456             |
| Bank overdraft         | 17,803                     | -                      | -                      | 17,803          |
| Financial guarantee    | 18,275                     | -                      | -                      | 18,275          |
|                        | 36,534                     | -                      | -                      | 36,534          |

#### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group's and the Company's strategies, which were unchanged from 2014, are to maintain gearing ratios within 30% to 40%.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (d) Capital risk (continued)

|               | Group          |                | Company        |                |
|---------------|----------------|----------------|----------------|----------------|
|               | 2015<br>RM'000 | 2014<br>RM'000 | 2015<br>RM'000 | 2014<br>RM'000 |
| Net debt      | (1,216)        | (21,421)       | (1,216)        | (21,421)       |
| Total equity  | 105,977        | 98,726         | 69,979         | 64,049         |
| Total capital | <u>104,761</u> | <u>77,305</u>  | <u>68,763</u>  | <u>42,628</u>  |
| Gearing ratio | <u>-*</u>      | <u>-*</u>      | <u>-*</u>      | <u>-*</u>      |

\* Not meaningful

The Group and the Company have no externally imposed capital requirements for the financial years ended 30 June 2015 and 2014.

#### (e) Fair value measurements

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within level 1 that are observable or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

| Group and Company                                      | Level 1       | Level 2       | Level 3       | Total         |
|--|---------------|---------------|---------------|---------------|
| 2015   | RM'000        | RM'000        | RM'000        | RM'000        |
| <i>Assets</i>  |               |               |               |               |
| Financial assets, at fair value through profit or loss | 34,874        | -             | -             | 34,874        |
| Available-for-sale financial assets                    | -             | -             | 17,251        | 17,251        |
|  | <u>34,874</u> | <u>-</u>      | <u>17,251</u> | <u>52,125</u> |
| <b>2014</b>  |               |               |               |               |
| <i>Assets</i>  |               |               |               |               |
| Financial assets, at fair value through profit or loss | -             | 25,584        | -             | 25,584        |
|  | <u>-</u>      | <u>25,584</u> | <u>-</u>      | <u>25,584</u> |

There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is current bid price. These instruments are included in Level 1.



# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 24 Financial risk management (continued)

#### (e) Fair value measurements (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Valuation techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. Where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

#### *Level 3 fair value measurement*

As at 30 June 2015, the available-for-sale financial assets represent unquoted equity securities. The valuation technique used to determine the fair value of these financial assets is discounted cash flow method. The unobservable inputs used in the valuation include weighted average cost of capital and gold price. The weighted average cost of capital used is 15% taking into consideration the cost of equity, cost of debt and tax rate. The gold price used is spot rate as at 30 June 2015.

A significant increase/(decrease) in weighted average cost of capital and gold price would result in a significantly higher/(lower) fair value measurement. In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the weighted average cost of capital by increasing the assumption by 1%, the fair value of the available-for-sale financial assets would decrease by RM2,960,000. If Group adjusted the gold price by decreasing the assumption by 4%, the fair value of the available-for-sale financial assets would decrease by RM546,000.

The following table represents the changes in level 3 instruments:

| <u>Group and Company</u>                                  | <u>Available-for-sale<br/>financial assets</u><br>RM'000 |
|---|--|
| <b>2015</b>   |  |
| Beginning of financial year                               | -  |
| Purchases   | 15,869   |
| Fair value gains recognised in other comprehensive income | 1,382  |
| End of financial year                                     | <u>17,251</u>  |

The Group's Chief Financial Officer ("CFO") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO reports to the Group's Audit Committee.

For significant financial reporting valuations using valuation models and significant unobservable inputs, the external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and FRS 113 *Fair Value Measurement* guidance to perform the valuation. The appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Updates on external valuation, if necessary, are performed by management. Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The carrying amount less impairment provision of trade receivable and payables are assumed to approximate their fair values. The fair value of current borrowings approximates their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 24 Financial risk management (continued)

### (f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 12 and 17 to the financial statements, except for the following:

|   | <u>Group and Company</u> |        |
|---|--------------------------|--------|
|   | <b>2015</b>              | 2014   |
|   | <b>RM'000</b>            | RM'000 |
| Loans and receivables                   | <b>17,851</b>            | 42,933 |
| Financial liabilities at amortised cost | <b>190</b>               | 18,259 |

## 25 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

### (a) Key management personnel compensation

|   | <u>Group</u>  |        |
|---|---------------|--------|
|   | <b>2015</b>   | 2014   |
|   | <b>RM'000</b> | RM'000 |
| Wages and salaries                                      | <b>3,701</b>  | 3,637  |
| Employer's contribution to defined contribution plans   | <b>387</b>    | 351    |
| Directors' fee  | <b>590</b>    | 569    |
|   | <b>4,678</b>  | 4,557  |
| Comprises amounts paid to:                              |               |        |
| Directors   |               |        |
| - Wages and salaries                                    | <b>2,561</b>  | 2,497  |
| - Employer's contribution to defined contribution plans | <b>245</b>    | 209    |
| - Directors' fee  | <b>590</b>    | 569    |
|   | <b>3,396</b>  | 3,275  |
| Other key management personnel                          | <b>1,282</b>  | 1,282  |
|   | <b>4,678</b>  | 4,557  |

## 26 Segment information

For management purposes, the Group is organised into business units based on both a geographic and business segment. The Group had only one reportable operating segment: provision of bereavement care business in Malaysia which include provision of burial plots, provision of columbarium niches, provision of burial niches, provision of funeral services and construction of tombs.

Revenue and profit of the Group for the financial years ended 30 June 2015 and 2014 were mainly derived from the sale of burial plots to customers in Malaysia. The principal assets employed by the Group are located in Malaysia. Accordingly, no segmental information is presented. The reportable operating segment has been classified as disposal group (Note 9).

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 27 Proposed acquisition of Coeur Gold Armenia Ltd

On 25 February 2014, the Company entered into a conditional sale and purchase agreement (the "Coeur Gold SPA") with GR Business Holdings Limited ("GR Business") whereby the Company will acquire the entire issued and paid-up share capital of Coeur Gold Armenia Limited ("Coeur Gold") from GR Business (the "Coeur Gold Acquisition").

Coeur Gold is an investment holding company organised and existing under the laws of the Republic of Seychelles and holds controlling interests in the two companies as set-out below. The two companies in turn hold mining exploration rights in the Azatek and Sofi Bina Mineral Deposits, Armenia in respect of gold, silver, antimony and copper:

- (a) Vayk Gold LLC ("VGL"), a company incorporated in the Republic of Armenia. Coeur Gold holds 80% of the entire issued share capital of VGL; and
- (b) Vardani Zartong Ltd ("VZL"), a company registered by the "Meghri" Territorial Subdivision of the State Register Book of Legal Entities of the Republic of Armenia. Coeur Gold holds 80% of the entire issued share capital of VZL.

The aggregate consideration payable by the Company in relation to the Acquisition is S\$500,000,000, subject to adjustments in accordance with the terms of the Coeur Gold SPA. The consideration shall be payable in the form of 1,347,136,209 new shares of the Company allotted and issued to the Vendor.

The proposed acquisition, if undertaken and completed, is expected to result in a "very substantial acquisition" or reverse takeover of the Company, and is conditional upon approval by the shareholders as well as approval by the SGX-ST.

As announced on 29 June 2015, the Long Stop date of the Coeur Gold SPA has been extended for another four months to 24 October 2015.

### 28 Proposed acquisition of Century 21 Hong Kong Limited

On 8 May 2015, the Company entered into a sale and purchase agreement with Menkin Limited ("Menkin") whereby the Company will acquire the entire issued and paid-up share capital of Century 21 Hong Kong Limited ("Century 21 HK") from Menkin (the "Century 21 Acquisition").

Century 21 HK is a company engaged in the provision of franchise services in Hong Kong and Macau.

The aggregate consideration payable by the Company in relation to the Century 21 Acquisition is S\$1,000,000 which will be satisfied by the allotment and issuance of 33,333,333 new ordinary shares in the capital of the Company at the agreed issue price of S\$0.03 per share, and is conditional upon, *inter alia*, approval by the shareholders at an EGM to be convened on 15 October 2015.

### 29 Proposed acquisition of Global Alliance Property Pte Ltd

The Company has, on 20 July 2015, entered into a sale and purchase agreement (the "Global Alliance SPA") with Global Property Strategic Alliance Pte. Ltd. ("GPSA") and MORE Property Pte. Ltd. ("MORE") (and together with GPSA hereinafter referred to as the "Global Alliance Vendors"), pursuant to which the Company has agreed to acquire the entire issued and paid-up share capital of Global Alliance Property Pte. Ltd. ("Global Alliance") from the Global Alliance Vendors (the "Global Alliance Acquisition").

Global Alliance is a company incorporated in Singapore with limited liability and will be principally engaged in the real estate agency business. The shareholders of Global Alliance are GPSA (71%) and MORE (29%). Global Alliance has not commenced operations.

# NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 30 June 2015

## 29 Proposed acquisition of Global Alliance Property Pte Ltd (continued)

The Company will acquire 2,750 ordinary shares in the capital of Global Alliance (the "Sale Shares"), representing the entire issued and paid-up share capital of Global Alliance. The aggregate consideration of the Sale Shares is S\$2,750,000 (the "Consideration") which will be satisfied in the following manner: (a) the sum of S\$1,250,000 payable by way of cashier's order to the Global Alliance Vendors on completion; and (b) the sum of S\$1,500,000 payable by allotting and issuing new ordinary shares in the capital of the Company to the Global Alliance Vendors within two (2) months from the date the Global Alliance Acquisition is completed. This is conditional upon, *inter alia*, approval by the Company's shareholders at an EGM to be convened on 15 October 2015.

The financial impact of the above transaction is expected to result in a decrease in cash flow of the Group by RM3,726,000 and an increase in net tangible assets by approximately RM589,000.

## 30 Events occurring after balance sheet date

The issued share capital of the Company was increased from 1,213,184,807 ordinary shares to 1,215,742,807 ordinary shares pursuant to the exercise of 2,558,000 2014 Warrants.

The Company has raised S\$51,160 from issued shares for working capital purposes.

## 31 New or revised accounting standards and interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 July 2015 or later periods and which the Group has not early adopted are:

Effective for annual periods beginning on or after 1 January 2015

- Amendments to FRSs (January 2014)
  - FRS 102 *Share-based Payment*
  - FRS 103 *Business Combinations*
  - FRS 108 *Business Segments*
  - FRS 16 *Property, Plant and Equipment*
  - FRS 24 *Related Party Disclosures*
  - FRS 38 *Intangible Assets*
- Improvements to FRSs (February 2014)
  - FRS 103 *Business Combinations*
  - FRS 113 *Fair Value Measurement*
  - Amendments to FRS 40 *Investment Property*

Effective for annual periods beginning on or after 1 January 2016

- Amendments to FRS 1 *Disclosure Initiative*
- Amendments to FRS 27 *Equity Method in Separate Financial Statements*
- Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- FRS 114 *Regulatory Deferral Accounts*
- Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate and Joint Venture*

# NOTES TO THE FINANCIAL STATEMENTS

## for the financial year ended 30 June 2015

### 31 New or revised accounting standards and interpretations (continued)

Effective for annual periods beginning on or after 1 January 2016 (continued)

- Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*
- Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*
  
- Improvements to FRSs (November 2014)
  - FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
  - FRS 107 *Financial Instruments Disclosures*
  - FRS 19 *Employee Benefits*
  - FRS 34 *Interim Financial Reporting*

Effective for annual periods beginning on or after 1 January 2017

- FRS 115 *Revenue from Contracts with Customers*

Effective for annual periods beginning on or after 1 January 2018

- FRS 109 *Financial Instruments*

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Company in the period of their initial adoption.

# STATISTICS OF SHAREHOLDINGS

AS AT 5 October 2015

## SHAREHOLDERS INFORMATION

### Share Capital

|                                  |   |                    |
|----------------------------------|---|--------------------|
| Issued and fully paid-up capital | : | \$ 148,761,929     |
| Number of shares issued          | : | 1,215,742,807      |
| Number of treasury shares        | : | Nil                |
| Class of shares                  | : | Ordinary shares    |
| Voting rights                    | : | One vote per share |

### Distribution of Shareholders by Size of Shareholdings

| Size of Shareholdings | No. of Shareholders | %             | No. of Shares        | %             |
|-----------------------|---------------------|---------------|----------------------|---------------|
| 1 - 99                | 2,704               | 67.84         | 34,794               | 0.00          |
| 100 - 1,000           | 437                 | 10.96         | 170,656              | 0.02          |
| 1,001 - 10,000        | 199                 | 4.99          | 949,860              | 0.08          |
| 10,001 - 1,000,000    | 552                 | 13.85         | 97,874,797           | 8.05          |
| 1,000,001 and above   | 94                  | 2.36          | 1,116,712,700        | 91.85         |
| Total                 | <u>3,986</u>        | <u>100.00</u> | <u>1,215,742,807</u> | <u>100.00</u> |

### Twenty Largest Shareholders

|  | No. of Shares      | %            |
|--|--------------------|--------------|
| 1. Raffles Nominees (Pte) Ltd          | 163,278,126        | 13.43        |
| 2. Hano Maeloa                         | 102,372,718        | 8.42         |
| 3. ABN AMRO Nominees Singapore Pte Ltd | 92,130,000         | 7.58         |
| 4. Goh Yeo Hwa                         | 72,446,900         | 5.96         |
| 5. Faizal Bin Ahmad Stalin             | 46,800,000         | 3.85         |
| 6. Phillip Securities Pte Ltd          | 44,473,103         | 3.66         |
| 7. Citibank Nominees Singapore Pte Ltd | 41,504,002         | 3.41         |
| 8. UOB Kay Hian Pte Ltd                | 34,761,801         | 2.86         |
| 9. Ge Jianming                         | 31,135,900         | 2.56         |
| 10. HSBC (Singapore) Nominees Pte Ltd  | 25,766,052         | 2.12         |
| 11. DBS Nominees Pte Ltd               | 25,152,210         | 2.07         |
| 12. Buona Vista Constructions Pte Ltd  | 24,200,000         | 1.99         |
| 13. Choo Yeow Ming                     | 20,970,000         | 1.72         |
| 14. Goh Yeu Toh                        | 19,960,000         | 1.64         |
| 15. Teo Choon Leng Jeffrey             | 19,700,000         | 1.62         |
| 16. Li Yujiao                          | 18,750,000         | 1.54         |
| 17. Goh Yew Lay                        | 17,000,000         | 1.40         |
| 18. OCBC Securities Private Ltd        | 16,260,199         | 1.34         |
| 19. Heng Wah Chong (Wang Hezong)       | 15,000,000         | 1.23         |
| 20. Ong Hock Khiow                     | 11,760,000         | 0.97         |
| Total                                  | <u>843,421,011</u> | <u>69.37</u> |

# STATISTICS OF SHAREHOLDINGS

AS AT 5 October 2015

## Substantial Shareholders

*(As recorded in the Register of Substantial Shareholders)*

| Name of Shareholder               | Direct Interest |       | Deemed Interest |      |
|-----------------------------------|-----------------|-------|-----------------|------|
|                                   | No. of Shares   | %     | No. of Shares   | %    |
| Choo Yeow Ming <sup>(1) (2)</sup> | 201,881,844     | 16.61 | 37,795,000      | 3.11 |
| Hano Maeloa                       | 102,372,718     | 8.42  | -               | -    |
| Lim Soon Fang                     | 90,400,000      | 7.44  | -               | -    |
| Goh Yeo Hwa                       | 72,446,900      | 5.96  | -               | -    |

<sup>(1)</sup> Choo Yeow Ming's direct interest is held under ABN AMRO Nominees Singapore Pte Ltd and Raffles Nominees (Pte) Ltd.

<sup>(2)</sup> By virtue of the Provision of Section 7 of the Companies Act (Cap.50), Choo Yeow Ming is deemed to have an interest in shares held by Summers Overseas Limited and Seymour Pacific Limited.

## Percentage of Shareholdings in Hands of Public

Based on information available to the Company, as at 5 October 2015, the percentage of shareholdings of the Company held in the hands of the public is approximately 53% and therefore Rule 723 of the Listing Manual is complied with.

# STATISTICS OF SHAREHOLDINGS

AS AT 5 October 2015

## WARRANT HOLDERS' INFORMATION (W180716)

### *Distribution of Warrant Holders by Size of Warrant Holdings*

| Size of Warrant Holdings | No. of Warrant Holders | %             | No. of Warrants  | %             |
|--------------------------|------------------------|---------------|------------------|---------------|
| 1 – 99                   | 10                     | 7.25          | 470              | 0.01          |
| 100 – 1,000              | 16                     | 11.59         | 6,671            | 0.15          |
| 1,001 – 10,000           | 79                     | 57.25         | 432,561          | 9.53          |
| 10,001 – 1,000,000       | 32                     | 23.19         | 1,966,972        | 43.33         |
| 1,000,001 and above      | 1                      | 0.72          | 2,132,355        | 46.98         |
| Total                    | <u>138</u>             | <u>100.00</u> | <u>4,539,029</u> | <u>100.00</u> |

### *Twenty Largest Warrant Holders*

|  | No. of Warrants  | %            |
|--|------------------|--------------|
| 1. Phillip Securities Pte Ltd              | 2,132,355        | 46.98        |
| 2. Raffles Nominees (Pte) Ltd              | 516,936          | 11.39        |
| 3. Chua Eng Lee                            | 165,384          | 3.64         |
| 4. ABN AMRO Nominees Singapore Pte Ltd     | 140,700          | 3.10         |
| 5. BK Holdings Pte Ltd                     | 124,038          | 2.73         |
| 6. Ooi Kim Seng                            | 103,365          | 2.28         |
| 7. Tan Eng Lian                            | 102,000          | 2.25         |
| 8. Low Chin Yee                            | 100,300          | 2.21         |
| 9. OCBC Securities Private Ltd             | 86,136           | 1.90         |
| 10. Kam Keng Seng                          | 80,700           | 1.78         |
| 11. Koh Nai Wei Adrian                     | 57,884           | 1.27         |
| 12. Tan Jui Yak                            | 53,000           | 1.17         |
| 13. BNP Paribas Nominees Singapore Pte Ltd | 45,253           | 1.00         |
| 14. Chua Chai Tiang                        | 45,067           | 0.99         |
| 15. Yeo Siew Lan                           | 32,953           | 0.72         |
| 16. Lee Chee Meng                          | 24,791           | 0.55         |
| 17. Tan Ih Hian                            | 24,729           | 0.54         |
| 18. United Overseas Bank Nominees Pte Ltd  | 24,050           | 0.53         |
| 19. Kwan Kar Wah                           | 18,673           | 0.41         |
| 20. Wong Ah Ai                             | 16,612           | 0.37         |
| Total                                      | <u>3,894,926</u> | <u>85.81</u> |



# STATISTICS OF SHAREHOLDINGS

AS AT 5 October 2015

## WARRANT HOLDERS' INFORMATION (W190506)

### *Distribution of Warrant Holders by Size of Warrant Holdings*

| Size of Warrant Holdings | No. of Warrant Holders | %      | No. of Warrants | %      |
|--------------------------|------------------------|--------|-----------------|--------|
| 1 – 99                   | 6                      | 1.29   | 237             | 0.00   |
| 100 – 1,000              | 61                     | 13.12  | 57,534          | 0.01   |
| 1,001 – 10,000           | 130                    | 27.96  | 583,000         | 0.16   |
| 10,001 – 1,000,000       | 234                    | 50.32  | 38,347,113      | 10.51  |
| 1,000,001 and above      | 34                     | 7.31   | 325,905,082     | 89.32  |
| Total                    | 465                    | 100.00 | 364,892,966     | 100.00 |

### *Twenty Largest Warrant Holders*

|  | No. of Warrants | %     |
|--|-----------------|-------|
| 1. Hano Maeloa                         | 76,977,265      | 21.10 |
| 2. Phillip Securities Pte Ltd          | 38,267,995      | 10.49 |
| 3. ABN AMRO Nominees Singapore Pte Ltd | 37,415,800      | 10.25 |
| 4. Citibank Nominees Singapore Pte Ltd | 31,020,000      | 8.50  |
| 5. HSBC (Singapore) Nominees Pte Ltd   | 20,221,710      | 5.54  |
| 6. UOB Kay Hian Pte Ltd                | 15,740,361      | 4.31  |
| 7. Kong HongMei                        | 11,405,000      | 3.13  |
| 8. Ong Hock Khiow                      | 9,800,000       | 2.69  |
| 9. OCBC Securities Private Ltd         | 7,776,764       | 2.13  |
| 10. Leow Fan Siew                      | 7,000,000       | 1.92  |
| 11. Lim Tchen Nan                      | 6,973,000       | 1.91  |
| 12. Raffles Nominees (Pte) Ltd         | 5,888,000       | 1.61  |
| 13. Liew Pok Tze                       | 5,000,000       | 1.37  |
| 14. Maybank Kim Eng Securities Pte Ltd | 4,931,841       | 1.35  |
| 15. Oei Siu Hoa @ Sukmawati Widjaja    | 4,883,000       | 1.34  |
| 16. Tok Boon Seong                     | 4,333,301       | 1.19  |
| 17. Quek Bek Choo                      | 4,050,000       | 1.11  |
| 18. Lim Hua Yong                       | 3,500,000       | 0.96  |
| 19. Ong Jek Yaw                        | 3,313,000       | 0.91  |
| 20. Kwan Kar Wah                       | 3,099,000       | 0.85  |
| Total                                  | 301,596,037     | 82.66 |

# STATISTICS OF SHAREHOLDINGS

AS AT 5 October 2015

## WARRANT HOLDERS' INFORMATION (UNLISTED WARRANTS EXPIRING 20 MARCH 2017)

### *Distribution of Warrant Holders by Size of Warrant Holdings*

| Size of Warrant Holders | No. of Warrant Holders | %      | No. of Warrants | %      |
|-------------------------|------------------------|--------|-----------------|--------|
| 1 – 99                  | -                      | -      | -               | -      |
| 100 – 1,000             | -                      | -      | -               | -      |
| 1,001 – 10,000          | -                      | -      | -               | -      |
| 10,001 – 1,000,000      | -                      | -      | -               | -      |
| 1,000,001 and above     | 1                      | 100.00 | 68,220,900      | 100.00 |
| Total                   | 1                      | 100.00 | 68,220,900      | 100.00 |

### *Twenty Largest Warrant Holders*

|                  | No. of Warrants | %      |
|------------------|-----------------|--------|
| 1. Sim Chek Tong | 68,220,900      | 100.00 |
| Total            | 68,220,900      | 100.00 |

# NOTICE OF THE ANNUAL GENERAL MEETING



## ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Company Registration No.: 200609901H)  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of the Company will be held at Antica I, Level 2, Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Friday, 30 October 2015 at 3.30 p.m. for the following purposes:

### As Ordinary Business

- |   |              |
|---|--------------|
| 1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the financial year ended 30 June 2015 together with the Auditor's Report thereon.                   | Resolution 1 |
| 2. To re-elect Dr Lam Lee G., a Director retiring by rotation pursuant to Article 91 of the Company's Articles of Association. [See Explanatory Note 1]                                       | Resolution 2 |
| 3. To re-elect Dato' Dr Choo Yeow Ming, a Director retiring by rotation pursuant to Article 91 of the Company's Articles of Association. [See Explanatory Note 2]                             | Resolution 3 |
| 4. To re-elect Mr Lee Keng Mun, a Director retiring by rotation pursuant to Article 91 of the Company's Articles of Association. [See Explanatory Note 3]                                     | Resolution 4 |
| 5. To approve payment of Directors' Fees of S\$220,000 for the financial year ending 30 June 2016, payment to be made quarterly in arrears.   | Resolution 5 |
| 6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditor of the Company for the financial year ending 30 June 2016 and to authorise the Directors to fix their remuneration. | Resolution 6 |

### As Special Business

To consider and, if thought fit, to pass the following Resolution as an Ordinary Resolution.

#### 7. SHARE ISSUE MANDATE

That pursuant to Section 161 of the Companies Act, Cap. 50, and Rule 806 of Section B of the Listing Manual (the "Listing Manual") of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), authority be and is hereby given to the Directors of the Company to allot and issue shares whether by way of rights, bonus or otherwise and make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other Instruments convertible into shares, from time to time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit, and (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instruments made or granted by the Directors of the Company while this Resolution was in force, provided that:

# NOTICE OF THE ANNUAL GENERAL MEETING

- (a) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to the existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below);
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of issued share capital shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of passing of this Resolution, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision of shares;
- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association of the Company; and
- (d) unless previously revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company or on the date by which the next AGM is required by law to be held, whichever is earlier. [See Explanatory Note 4]

Resolution 7

8. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Yap Wai Ming / Busarakham Kohsikaporn  
Joint Company Secretaries

Singapore, 14 October 2015

# NOTICE OF THE ANNUAL GENERAL MEETING

## EXPLANATORY NOTES

- (1) Resolution 2 – Dr Lam Lee G., upon re-election as a Director of the Company, will remain as Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees of the Company and will be considered independent for the purposes of Rule 704(8) of the Singapore Exchange Securities Trading Limited (“SGX-ST”).
- (2) Resolution 3 – Dato’ Dr Choo Yeow Ming, upon re-election as a Director of the Company, will remain as Chairman and CEO and a member of the Nominating Committee.
- (3) Resolution 4 - Mr Lee Keng Mun, upon re-election as a Director of the Company, will remain as Executive Director and CFO.
- (4) Resolution 7 is to empower the Directors to issue shares and/or Instruments (as defined above) in the capital of the Company. The aggregate number of shares to be issued pursuant to Resolution 7 (including shares to be issued in pursuance of Instruments made or granted) shall not exceed 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company with a sub-limit of 50% for shares issued other than on a pro-rata basis to shareholders (including shares to be issued in pursuance of Instruments made or granted pursuant to the said Resolution). For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued share capital will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of Resolution 7, after adjusting for (i) new shares arising from the conversion or exercise of the Instruments; (ii) new shares arising from exercising share options or vesting of share awards outstanding or subsisting at the time of passing of this Resolution provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent bonus issue, consolidation or subdivision of shares.

### Notes:

1. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend in his stead. A proxy need not be a member of the Company.
2. A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.
3. The instrument appointing a proxy must be deposited at the Office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building Singapore 048544 not less than 48 hours before the time appointed for holding of the Annual General Meeting.

## PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “Purposes”); (ii) warrants that where the member discloses the personal data of the member’s proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.

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# ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 200609901H)

## IMPORTANT:

1. For investors who have used their CPF monies to buy Asia-Pacific Strategic Investments Limited shares, this report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

## PROXY FORM – ANNUAL GENERAL MEETING

I/We, \_\_\_\_\_ (name)

of \_\_\_\_\_ (address)

being a member/members of ASIA-PACIFIC STRATEGIC INVESTMENTS LIMITED (the “Company”) hereby appoint:

| Name | Address | NRIC/Passport No. | Proportion of shareholdings |     |
|------|---------|-------------------|-----------------------------|-----|
|      |         |                   | No. of Shares               | (%) |
|      |         |                   |                             |     |

and/or (delete as appropriate)

| Name | Address | NRIC/Passport No. | Proportion of shareholdings |     |
|------|---------|-------------------|-----------------------------|-----|
|      |         |                   | No. of Shares               | (%) |
|      |         |                   |                             |     |

or failing \*him/her, the Chairman of the Annual General Meeting, as \*my/our \*proxy/proxies to attend and to vote for \*me/us on \*my/our behalf and, if necessary, to demand a poll at the Annual General Meeting of the Company to be held at Antica I, Level 2 Orchard Parade Hotel, 1 Tanglin Road, Singapore 247905 on Friday, 30 October 2015 at 3.30 p.m. and at any adjournment thereof.

(Please indicate with an “X” in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of Annual General Meeting. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the Annual General Meeting)

| Ordinary Resolutions | ORDINARY BUSINESS  | For | Against |
|----------------------|--|-----|---------|
| Resolution 1         | To receive and adopt the Directors’ Report and the Audited Accounts of the Company for the financial year ended 30 June 2015, together with the Auditors’ Report thereon.                  |     |         |
| Resolution 2         | To re-elect Dr Lam Lee G., a Director retiring pursuant to Article 91 of the Company’s Articles of Association.  |     |         |
| Resolution 3         | To re-elect Dato’ Dr Choo Yeow Ming, a Director retiring pursuant to Article 91 of the Company’s Articles of Association.  |     |         |
| Resolution 4         | To re-elect Mr Lee Keng Mun, a Director retiring by rotation pursuant to Article 91 of the Company’s Articles of Association.  |     |         |
| Resolution 5         | To approve payment of Directors’ Fees for financial year ending 30 June 2016.  |     |         |
| Resolution 6         | To re-appoint Messrs Nexia TS Public Accounting Corporation as Auditor of the Company for the financial year ending 30 June 2016 and to authorise the directors to fix their remuneration. |     |         |
|                      | SPECIAL BUSINESS   |     |         |
| Resolution 7         | To authorise the Directors to allot shares pursuant to Section 161 of the Companies Act, Cap. 50.  |     |         |

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

\_\_\_\_\_  
Signature(s) of Member(s)  
or, Common Seal of Corporate Member

\* Delete where inapplicable

### Total Number of Shares in:

CDP Register

Register of Members

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

## **NOTES :**

1. Please insert the total number of Shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Cap. 50), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. Where a member appoints more than one proxy, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. If the instrument appointing a proxy is returned without any indication as to how the proxy shall vote, the proxy shall vote or abstained as he thinks fit.
5. If the instrument appointing a proxy is returned without the name of the proxy indicated, the instrument appointing a proxy shall be invalid.
6. If the appointor is an individual, the instrument appointing a proxy shall be signed by the appointor or his attorney.
7. If the appointor is a corporation, the instrument appointing a proxy shall be either given under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50.
8. The signature on the instrument appointing a proxy need not be witnessed. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy, failing which the instrument may be treated as invalid.
9. The instrument appointing a proxy must be deposited at the office of the Share Registrar of the Company, B.A.C.S. Private Limited at 8 Robinson Road #03-00 ASO Building, Singapore 048544, not less than 48 hours before the time appointed for holding of the Annual General Meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) for the taking of the poll at which it is to be used.

## **General :**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

## **PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 October 2015.



# CORPORATE INFORMATION

## Board of Directors

- Dato' Dr Choo Yeow Ming**  
*Chairman and CEO*
- Ir. Heng Aik Koon**  
*Executive Director*
- Lee Keng Mun**  
*Executive Director and CFO*
- Faizal Bin Ahmad Stalin**  
*Non-Executive Director*
- Hano Maeloa**  
*Non-Executive Director*
- Dr Lam Lee G.**  
*Lead Independent Director*
- Chew Soo Lin**  
*Independent Director*
- Yap Siean Sin**  
*Independent Director*

## Share Registrar

B.A.C.S. Private Limited  
8 Robinson Road  
#03-00 ASO Building  
Singapore 048544

## Registered Office

8 Robinson Road  
#03-00 ASO Building  
Singapore 048544  
Tel : +(65) 6538 0779  
Fax: +(65) 6438 7926

## Audit Committee

- Yap Siean Sin**  
*Chairman*
- Chew Soo Lin**  
**Dr Lam Lee G.**

## Nominating Committee

- Dr Lam Lee G.**  
*Chairman*
- Chew Soo Lin**  
**Dato' Dr Choo Yeow Ming**

## Remuneration Committee

- Chew Soo Lin**  
*Chairman*
- Dr Lam Lee G.**  
**Yap Siean Sin**

## Company Secretary

**Yap Wai Ming, LLB. (Hons)**  
**Busarakham Kohsikaporn**

## Auditor

Nexia TS Public Accounting Corporation  
100 Beach Road  
#30-00 Shaw Tower  
Singapore 189702  
Director-in-charge: Kristin Y S Kim  
Appointed since financial year ended 30 June 2014

## SINGAPORE OFFICE

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GPS Geographic Coordinate:  
3°07'41.05"N 101°37'02.71"E